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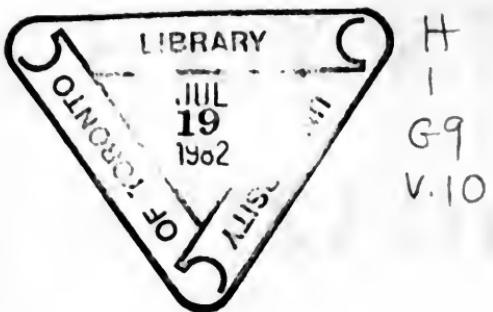
# GUNTON'S MAGAZINE

GEORGE GUNTON, EDITOR

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# GUNTON'S MAGAZINE.

*Priests*

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## Philosophy of the Monroe Doctrine.

THE Monroe Doctrine is the application of the principle of protection to the evolution of Democratic institutions on the American continents. It is an entire misconception of the Monroe Doctrine to assume that it involves or remotely implies a dictatorial attitude on the part of this Republic towards other countries. It is like the early free-soil demand for the non-extension of slavery. It is a declaration of non-extension of monarchical institutions. It is protecting the opportunity for the normal and unmolested development of Democratic institutions throughout this hemisphere.

It is a habit of anti-protectionists to represent protection as a "patronizing favoritism." This really shows a misconception of the essential features of protection, not merely as applied in local tariffs, but as a principle in government and societary development everywhere. No country ever reached any considerable advance in civilization without protection, which is an indispensable condition of the survival of the fittest. In order to prove its fitness to survive, any superior formation in nature or society must develop the capacity to protect itself against the devastating or deteriorating contact of inferior types and forms. Not to do that is to succumb in the struggle for existence and demonstrate its unfitness to survive.

Protection in industrial legislation is necessary whenever a superior element in the national production is in danger of being injured by contact with an inferior productive element in other countries. Whenever that superiority is in tools and methods, it does not need protection because its own productive efficiency furnishes its defense by lowering the cost of production. But when that superior element is higher-priced labor, which always means a higher standard of living and a superior state of civil-

ization, it is of prime national importance that it be protected against injurious competition with the lower-paid labor and consequently inferior civilization of other countries. The reason for this is obvious, since to impair the social standard of living of the masses in any country, and particularly in a republic, is to impair the social quality, industrial efficiency and ultimately the political character and civilization of the nation. Therefore, as a means of self-preservation—of fitness to survive, it is necessary for a nation to protect its people from such injurious competition.

To call this favoritism is to misapprehend the subject. It is simply the action of the nation protecting its own superior elements from destruction, which is its first duty to itself and to mankind. Unless that policy had been persistently adhered to throughout the ages, barbarism would always have prevailed against the first fruits of civilization.

The organization and modification of political institutions, industrial systems and economic methods have all been promoted to this end; and so far as they have succeeded have been efficient for this purpose. Scientific protection thus may be said to involve two distinct lines of action. (1). Protection of the superior elements developed by any group or nation at all hazards and at any cost. (2). The efficient guarding of the freest opportunities for further development of superior characteristics. The Monroe Doctrine is to political development what scientific tariff legislation is to industry. It does not, in any sense, imply dictation to any countries on this hemisphere, as to what form of government they shall have, but it says to Europe, and for that matter to all mankind (1), that the experiments being made in democratic institutions by American countries shall be protected from molestation by any foreign, and particularly monarchical, powers. (2) That the fullest opportunity shall be guaranteed to all American countries for the evolution of the most democratic form of government the character and conditions of the respective peoples make possible. This policy is fully sustained by the law of evolution. It represents at once the highest function of national development; the broadest principles in political science and the scientific promotion of the survival of the fittest, by helping to make the best fittest.

This Republic is the product of eight centuries of continuous struggling in the evolution of political freedom. From the tenth to the eighteenth centuries, the evolution of representative institutions was chiefly confined to Europe. Amid famines, desolation, revolutions, parliamentary institutions and constitutional monarchies were evolved; first in England, and since, to a much more limited degree on the continent. We are a transplant to a new continent and have evolved a new type of political institutions—a Democracy.

As to the condition of our fitness to survive, we owe it to ourselves and to civilization to see to it that this experiment in democratic government, this new type of political institution, shall not be a failure. To fail in protecting the Republic, either from actual deteriorating influences from without, or in guarding the freest opportunities for further development and perfection of the higher type of political institutions we represent, would be an injury to all mankind, and would put back progress towards political freedom everywhere. We are making the experiments in republican institutions for the human race. We owe it to the human race, and particularly Europe, whose struggles and sacrifices evolved the preliminary progress, making our existence possible, to protect and secure the advance that has been made. This involves the unhesitating adoption of a comprehensive protective policy which shall direct the whole influence and authority of the Republic,

(1). Towards protecting the fullest opportunities for the natural development of democratic institutions upon these continents.

(2). By directing our statesmanship towards maximizing our domestic industrial policy and the further perfection of our political institutions until the broadest democracy and highest integrity shall permeate the smallest municipality of the Republic.

1. The first is well represented in the policy expressed by the Monroe Doctrine, that in the evolution of political institutions this continent is devoted to the growth and perfection of democratic government and all that it implies. Europe is the field selected by evolution for the development and perfection of middle class institutions.

In the same way that this Republic represents the demo-

cratic type of political government, Europe represents the middle class type. Europe's contribution is middle class government, middle class economics, and middle class civilization. It is as much our duty to keep Europe in its own field for the perfection and extension of middle class institutions in the backward countries of Europe as it is to prevent her from destroying the new type of institutions in this hemisphere. If England or Germany want to do missionary work, their field is not here. It is rather in Turkey, Austria and Russia; and if Europe is too small for them, then their field is in Asia and Africa. Any extension of the best middle class institutions as represented by England into Turkey, Russia or Asia would be an improvement. It would be superseding despotism by representation. It would broaden the influence and responsibility of liberty. It would, in short, be an advance in civilization, but to bring any part of monarchical, middle class, European institutions to this continent and engraft it here would be a step backwards. It would be menacing a superior type in the making. And as the representative of the new and distinctly superior type of economics and government, it is our interest as a means of self-preservation and our duty alike to the other American governments and to the still struggling portions of Europe to protest against such a move, and if needs be interpose an efficient objection to it.

2. This application of protection through the Monroe Doctrine is general and will be comparatively inefficient, if not accompanied by a more specific application of the same principle to the development of our best industrial and social possibilities at home. This involves the adoption of a well-defined protective industrial policy, which must be effectively applied in three directions:

(a). Protection of our industries through efficient, economic tariff legislation.

(b). Protection of the social conditions of our wage classes by economic regulation of immigration.

(c). Protection of political institutions by demanding a certain degree of industrial differentiation and political accomplishment as the standard of fitness for annexation.

(a). Protection to our industries does not mean, as is often supposed, that every industry which finds difficulty in making

a profit shall have government aid. Protection as an economic principle in national development means protection from injurious foreign competition to those industries whose increase and diversification are necessary to the development of the social and political character of the people. In other words, those industries whose growth necessarily brings the greatest amount of social diversification among our people, because it is only by increasing the social diversification of the people that the progress of general intelligence, political freedom and integrity can be acquired.

The general class of industries which exert this influence upon the national character may be grouped as artistic industries, including all industries which require the specialization of labor, and depend upon human devices, variety of tools, the use of steam and gravitation of the people to social centers. They include the complex manufacturing and commercial industries as distinguished from the relatively simple, crude, extractive industries.

It is a fact running through all history that the development of a higher type of national power and civilization is always associated with, and depends upon, the development of manufacturing and artistic industries as compared with the crude, isolating, ruralizing, extractive industries. Mining, forestry and farming generally, except with highly modernized implements, are essentially non-socializing occupations as compared with manufacturing, urban-life-creating industries. While they are important to the nation as furnishing the food and raw materials of all the higher pursuits, they should never constitute the preponderating industries of a nation. Any nation whose occupations are preponderatingly extractive and raw material producing is sure to occupy a backward position in civilization.

This policy of protecting the complex industries does not injure the agricultural. On the contrary, every extension of manufacturing industries increases the market for agricultural products, adds to the social facilities of agricultural population by developing railroads, stimulating invention and giving improved agricultural implements. Through the growth of urban life, superior architecture, new methods of sanitation, the application of steam and electricity to multitudes of new devices, cheap daily press, and a multitude of economies and conveni-

ences, are created, taking the products of the highest civilization into the homes of the rural population, such as could never have been developed by the relatively simple life evolved by agriculture and rural occupations. When farmers understand the principles of protection, they will realize that their salvation from monotony, indefinite drudgery and social isolation depends upon the national policy which shall promote the growth of urban populations, which means the development of centralizing and socializing industries.

The degree of protection necessary cannot be governed by needs of revenue, the state of the treasury, but by the needs of protection. It must be equal to the difference in the civilization as indicated by the difference in the labor cost of the competing countries, whatever that may be. Whether it means a tariff of 20 per cent. or 100 per cent. is of no moment. To have less than enough is to have no protection at all. One might as well try to sustain the ceiling of an eleven-foot room by a ten-foot wall. Without the eleventh foot the other ten are useless. The labor cost of production is the only economic basis of protection in any country.

In all industries whose existence is worth preserving for the national welfare, the cost of home labor should be the condition upon which all foreigners should be permitted to enter the home market. If their own cost of labor is lower than ours, then the difference must be paid in duties as the price of entering the market. That furnishes a sound economic rule of action, which would be equally true and equally efficacious and equally necessary to national welfare in every country. No country should be permitted to undersell the domestic producers in socializing commodities in any nation by the use of cheaper labor than its own. Lower prices without lower wages is the only civilized criterion for the entrance to a foreign market.

(b) Protection to the social conditions of our wage classes through economic regulation of immigration is no less significant a part of the national protective policy. To permit the indiscriminate influx of disproportionately cheap labor is as injurious to the social life of our people as is the forcing upon us of non-socializing industries.

Immigration should be subjected to substantially the same economic test and standard as applied to the importation of

products, namely: the wage status of the immigrants. Educational and ethical tests are of very little avail. Laborers may be able to read and write in their own language and be free from any criminal taint, and have only a twenty-five cents a day standard of living. The test should be an economic one. Of course, it could not be insisted that immigrants should have received the same wages at home that they expect to receive here in their relative occupations. Such a requirement would be prohibitory, as no such countries exist. Nor is this condition quite so necessary as in the case of products, because laborers unlike commodities are susceptible of modification and progress under improved social conditions.

The protection, however, should be adequate to obtain the most capable and progressive laborers in the countries from which they come. Nothing would so effectually serve as a means of securing the superior, by natural selection, as an economic qualification. Let it be in the form of requiring that all immigrants from whatever country must have paid their own expenses hither, and also have in their possession on landing the equivalent of six months' American wages at their trade and not less than \$250 in any case.

Although this would not insure that every immigrant was the equal of every American in the same industry, it would insure that only those with a good deal of personal character and ambition would come. It would probably take the average European several years' special effort to save sufficient money to pay his transportation and have the required amount on landing. This of itself would be a guarantee of an exceptional amount of personal energy and character. The listless would not surmount the difficulties necessary to accomplish this purpose. By this means, we should be sure to have in the great majority of immigrants the material out of which good citizens are made. This would doubtless check the amount of immigration, but it would guarantee a superior quality and therein consists the protection required.

(c) Protection to our political institutions from the danger of hasty annexation is scarcely less significant than that required from immigration or free importation. The eagerness exhibited in many quarters for annexation shows how little the principles of protection are really understood. Our democratic institu-

tions could no more stand the strain of the immediate annexation of Cuba, Hawaii, Mexico and other South American countries than our manufactures could stand free trade. It would be adding industrial degradation, social ignorance and political incapacity in chunks that would soon swamp the integrity of democratic institutions. It would be increasing our population by adding to the very poorest quality we now have and which now constitutes the danger line to our political institutions. It would be like multiplying our Tammanys, Mississippis, Louisianas and South Carolinas. While through the Monroe Doctrine we should protect the freedom of every American country to develop its own institutions, it is equally important to the progress of democracy that we be not ourselves swamped by hasty annexation. The natural trend of development is toward the ultimate integration of these countries with the United States, but that must come consistently with the protection of the best there is in the United States itself. This demands that annexation, like importation and immigration, take place only on the bases of economic and political fitness.

No country can be annexed to this Republic with advantage to itself and without injury to us until its industrial institutions have outgrown all the evidences of feudal relations, definitely reached the state of free, competitive wage conditions, and acquired a considerable proportion of manufacturing industries, conducted under the modern machine methods, paying money wages and recognizing the principle of factory legislation.

Unless adequate protection in this direction, securing the maximum opportunities for our industrial diversification, social improvement among our laborers and political intelligence among our citizens is made a permanent part of our national policy, all talk about enforcement of the Monroe Doctrine is veritable gush. It has no significance as an element of statesmanship, as it can contribute nothing to our national welfare or advancement. If we neglect the conditions promoting our internal development, we render ourselves incapable of helping others. The United States can only be of real service in promoting the advancement of democratic institutions in other countries by making the most of its own economic and political possibilities. To neglect this is to neglect the very source of

our strength and reduce any pretensions to influence and power for others to an empty sham.

The President's special message on the Venezuelan case is a striking illustration of this empty, jingoistic attitude. Mr. Cleveland is the very embodiment of the anti-protective principle in this country. His whole aim has been to destroy the protective principle in our national policy. His messages bristle with epithets against protective statesmanship. He has inspired and led an onslaught upon our industries and our wage standard throughout the country. His message a few days earlier at the opening of Congress was heavily charged with the same antipathy to the protective policy which he designated as the policy of "favoritism."

His policy on foreign affairs has been similarly antagonistic to the protective principle and to the very essence of the Monroe Doctrine. In the case of Hawaii, the President had an admirable opportunity to apply the principle of the Monroe Doctrine by encouraging the efforts of the people of the Sandwich Islands to establish a republican form of government. But, instead of giving the Hawaiians the benefit of the good offices of the United States, he threw every obstacle in their way and actually attempted by force of coercion to reinstate monarchy after republican institutions had already been established, and what was worse, his effort was in behalf of a debased, barbarian monarchy. He thus not only failed to take advantage of a grand opportunity to apply the Monroe Doctrine to the great aid of free government, but he used all the power of this government to overthrow a young Republic.

His attitude towards the struggles of Cuba for political autonomy has been of the same character. Instead of holding out all the encouragement that the good will of the United States would carry to the struggle for political freedom in Cuba, he has distinctly sided with the Spanish monarchy, which is one of the most backward and semi-barbarian monarchies in Europe.

In the case of Venezuela, where the claims are far more doubtful, he springs to the front with a semi-war threatening proclamation. To help overthrow a young republic and re-establish a distinctly barbarian monarchy in Hawaii, and encourage the cause of monarchy against the struggles for democracy

in Cuba, and then, in the name of the Monroe Doctrine, put on the war paint over the very doubtful claims of Venezuela, is to play buffoon politics at the expense of statesmanship.

If this nation is to command the respect of the world, it must have an approximately consistent policy. There can be no harm in appointing a commission to investigate the facts bearing on the Venezuelan boundary line, but to talk in war terms before the commission has been appointed which is to report on the facts, looks more like third-term electioneering than the serious utterance of the official representative of a great nation.

A flash-in-the-pan-flurry over Venezuela is well calculated for the moment to fire the patriotism of the people and attract their attention away from the disastrous blow the President's domestic industrial policy has dealt to the national prosperity. But the character of a public man or a political party cannot be estimated by a single act. It can be properly judged only by habitual conduct. Mr. Cleveland's public life is contrary to the essential principle involved in the Monroe Doctrine, and his sudden assertion of it at the eleventh hour of his failing reputation may well justify grave suspicions. While Congress should insist upon the spirit and letter of the Monroe Doctrine, regardless of the talk of foreigners about its not being recognized as international law, it is to be hoped that the controlling majority in Congress will not permit itself to be incited into taking a ridiculous position on the Venezuelan matter by the rash and politically desperate utterances of a discredited statesman.

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### The President's Financial Plan.

PRESIDENT CLEVELAND proposes in his message to retire the greenbacks and Sherman silver notes by the issue of long-term bonds at a low rate of interest. These bonds are to be sold abroad for gold, and this gold is to be used to take up and cancel any of the notes that may be in the Treasury, or that may be received by the Government. He then alludes to this transaction first as an "increase of our bonded debt," and then as an "extinguishment of a troublesome indebtedness," and he says that, "in the path we now follow there lurks the increase of

unending bonds, with our indebtedness still undischarged and aggravated in every feature."

This language is inadvertently fallacious in attempting to make a mere postponement of debt by funding it pass for an extinguishment of debt, or, as the New York *Sun* aptly says, "it is a proposal finally to remove a burden of debt by making us pay interest on it forever."

The feature which the President's proposition extinguishes is not the indebtedness nor any part of it. That, as the *Sun* says, is strapped to our backs for us to carry forever. He proposes only to extinguish from our currency the \$500,000,000 of Government notes by converting them into bonds. This does not extinguish a penny of indebtedness, but it does contract the currency, by about half its effective volume, unless its place is supplied *pari passu* with this retirement.

When the President says, therefore, that such a contraction of the currency, with only a very vague and indefinite method of replacing it, "would be amply compensated by renewed activity and enterprise in all business circles," it becomes evident that we are treated to the paradoxical promise that great business prosperity will follow a violent contraction of the means of payment. The fulfilment of such a promise is contrary to universal experience. Its possibility hangs wholly on the slender thread, to which the President devotes only a vague attention, that the "currency thus retired might be supplied by such gold as would be used on its retirement or by an increase in the circulation of the National Banks."

"Might," indeed! and might not!

When contraction in the means of payment produces panic in the debtor class, gold is the first to hide. And when gold disappears from circulation a contraction of bank credits and bank discounts instantly follows, ten or twenty-fold greater in volume and in its effect to deprive the business community of the means of payment than the immediate contraction by withdrawal of notes.

The President is bold when he promises as the result of such a contraction, that "restored confidence at home, the re-instatement of our monetary strength abroad and the stimulation of every interest and industry would follow the cancellation of the gold demand obligations now afflicting us." He forgets

that all these demand obligations have almost lost their quality as debt in their function as means of payment.

Such cancellation *per se*, irrespective of any inflation by other means of payment, would be to the business community like the tightening of the hangman's rope around the convicted felon's neck. The immediate death which would result would be the only fact scientifically predictable concerning the event. The subsequent abundant entrance into a glorious immortality might be glibly promised to the prisoner by his clerical confessor, but the vagueness and undemonstrability of such a promise causes the event to be popularly regarded as condign punishment rather than a case of promotion.

Whether the President's plan would be a success or a failure depends wholly, therefore, on whether the national banks would find it profitable to themselves, because of the inducements which his plan offers, to expand their issues of notes by \$486,000,000 in time to prevent the calling in of the greenbacks from working any contraction of the currency whatever.

The motives which are supposed to appeal to the national banks to effect this increase of note issues would be that the existing tax on their circulation should be reduced from one per cent. to a fourth of one per cent., and that they should be allowed to issue one-ninth more notes than they can now issue on whatever bonds they deposit with the government as security for their circulation. But if they won't take the ninety dollars they are now offered, why should they jump at a hundred dollars?

We do not hesitate to say that these inducements are wholly insufficient to increase the actual circulation of the national banks by a single penny, nor will they make the currency any more elastic, or adequate in volume and distribution to the wants of those sections of the country which are especially in need of increased banking capital, loans and notes. They fail to express an intellectual apprehension on the part of the President, either of the nature of the evils which attend a sudden and sharp contraction in the volume of the circulating medium or the quality of the advantages with which a banking system must be endowed in order to meet the wants of so vast and diversified a population as that of the United States.

Such a bank note circulation, in order to be elastic, *i. e.*,

to expand and contract in volume, as the responsible borrowing needs of the business community require, must be freed altogether from the tether of being obliged to deposit bonds as security for the redemption of its notes with the government. This tether to our banking system is like the cable which ties a ship to its wharf. It ensures the safety of the ship, of course, but it does so at the cost of preventing it from being a ship at all. A pretended bank note circulation which is tethered to the government itself, by depositing the security for the ultimate redemption of the notes with the government, becomes thereby an addition to the government note circulation merely, just as a ship which is eternally tethered to a wharf becomes a mere enlargement of the wharf and not a ship. It never becomes a bank circulation at all, for any of the valuable effects upon business which a bank circulation would possess. It cannot be daily and hourly redeemable in coin, because only one redemption is promised on it, by the terms of its existence, and that is that the government will redeem it in its own legal tender notes when it is dead. This is not a coin redemption at any time, but only a substitution of a promise, of which the government is the sole maker, for one of which the bank is maker and the government is endorser. One being worth as much as the other, the exchange is never sought. Solvency of a certain irredeemable and slow sort being assured, whatever volume of its own notes is once loaned out by a national bank never returns to it to be reloaned, but is, like the greenback note itself, a permanent addition to a perpetually fixed volume of currency, capable by the very law of its being of no increase or diminution. Like the sphynx in the desert, its lungs cannot expand or contract. It has dimensions and the form in part of things that live. But it has no life. A true bank note circulation, one issued by the banks and not by an insolvent government, undergoes inhalation and exhalation. It is sent out to the extremities to enrich the tissues of industry, to feed its muscles, vitalize its nerves and to make its life and energy productive of action and of power. Then it returns to the centres for its own revitalization by being brought into exchanging touch with gold or other actual values, and when thus redeemed it goes out again upon its circuit.

The national banking system will, of course, have to come

to either coin redemption or general bankruptcy by whatever mode the greenback notes shall have been retired, since there will be nothing left for them but bankruptcy, unless they redeem their notes in gold. But on the President's plan it is altogether too evident that what would happen would be bankruptcy and not redemption. The resort to the pontoon bridge of clearing house certificates, which helped the New York banks through the crisis of 1893, would by no means span the abyss which would result from the despotic withdrawal of five hundred millions of currency.

It is unfortunate for such a proposition that Mr. Cleveland's term already stands identified with a debt increase, including principal and interest combined, of about \$324,000,000. The retirement of the greenbacks, by funding them into long bonds, would be inadequate as a remedy, unless the bonds were made interminable. For whenever the bonds were paid, the banking system founded on them would be extinguished, and there would be the same ruination in finance we have now. There would either have to be then, as now, a perpetuation of the debt or a contraction of the currency. Supposing the long bond plan to be followed, the principal and interest combined, which would be required to carry out the President's proposition, would be fully one thousand millions of dollars. Thus the President, who entered upon his term at the close of a period of thirty years of continued debt payment, combined with unexcelled prosperity, would have saddled upon the country, in four years of peace, a debt one-half as massive as our great rebellion created during four years of war. There is no mistaking the fact that the people are not in a mood, whatever may become of the currency, to do this thing in this way. All that the President now proposes forms a part of what the *SOCIAL ECONOMIST* proposed in its issue of January, 1894. We accompanied the proposal, however, by concomitants which guarded against the contraction of the old currency at any more rapid rate than the new currency was issued. The lack of these adjuncts is fatal to Mr. Cleveland's proposal. We outlined a somewhat drastic and efficiently coercive plan for bringing about an adoption of a branch system of banking in the United States, whereby the country banks, having few deposits and needing notes, should be allied to the large city banks which

need no such notes. Mr. Cleveland confines himself to the expression of a hope that the banks will, of their own interest and volition, be led to form such a branch system. We proposed also such a reconstruction of the national banking system as would put an end to bond security for the redemption of bank notes in greenbacks, and go immediately over to coin redemption; this, so long as silver is in its present hobble, means, of course, gold redemption. Mr. Cleveland adheres to bond security, and in so doing necessarily adheres, for the time being, to the fiat money, in which alone bond security makes the national bank note redeemable. We proposed a repeal of the legal tender act, and a forced retirement of the notes in exchange for the new notes of the several banks, to be associated under the new system. Mr. Cleveland leaves the legal tender law in force, and the government to get hold of its notes for burning, only as it receives them in the ordinary course of business or buys them with bonds.

In particular, we do not regard the bond feature of Mr. Cleveland's plan as essential, provided the banks will show the kind of co-operation which will dispense with it. If they will not, it may be necessary. It was contained without essential difference in the proposed bill published in the *SOCIAL ECONOMIST* for January, 1895, and presented by its editor in February to the Banking and Currency Committee of Congress. We are satisfied, however, that the issue of \$500,000,000 in bonds can be dispensed with. Banks would sooner assume the redemption of the notes without being compelled to take the bonds than be subject to this burden. With proper manipulation, the aggregate banking capital of the country, amounting to thirty-eight hundred millions of dollars, forms all the security needed.

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### The Banks and the Greenbacks.

THE crucial point in retiring the greenbacks is to determine: *First*, whether the right to issue \$500,000,000 of bank notes is of sufficient value to the banks to justify them in assuming their payment at maturity, which, in the event such notes shall be issued in lieu of greenbacks, will mean the redemption of the bank notes on demand in coin.

*Secondly*, whether it is practicable to so adjust this favor to the needs of the banks and to their facilities, that to obtain it they will collect and hand in to the government for cancellation the whole sum of greenbacks and treasury notes now owed by the government, at a like rate as they receive from the Controller of the Currency, and issue their own notes to take the place of the government issue. If the transaction shall include the Sherman silver notes, the government would of necessity include in it a transfer of the silver on which the notes were issued, to the banks, whose substituted issue would take the place of the Sherman notes. Otherwise the dimensions of the retirement and substituted bank issue would be confined to the greenbacks themselves, \$346,000,000, or more strictly, to the portion of the greenbacks not already in the treasury, say, about \$255,000,000.

In short, can the aggregated or associated banks of the country afford to assume the redemption in coin themselves of, say, \$255,000,000 of notes which the government now attempts to redeem, in consideration that the free power of issuing a costless note currency shall be vested in the banks exclusively relieved of the necessity of depositing bond security, but upon the security of their capitals and assets alone and upon the test of daily coin redemption.

The banks would thereby make to the government a perpetual non-interest-bearing loan of \$255,000,000 as the basis on which they would obtain subrogation in lieu of the government to the power to issue to the people, upon interest and upon commercial security, a non-interest-bearing volume of notes as large as they could get the people to borrow at interest on commercial security, the banks redeeming the notes.

The proposal is analogous to the issue of the first £17,500,000 of notes which the Bank of England is permitted to issue to the people to circulate as money. For this issue no bonds of the government exist, nor is any interest paid by the government to the bank on this sum. It is, however, based on a perpetual non-interest-bearing loan, once made by the directors of the bank to the government and consumed in war. As a perpetual compensation the bank gets the right to draw from the people of England a costless loan of like amount, through issuing to them an equivalent sum in loans of its own notes, on

which loans it obtains interest from its borrowers, instead of getting its interest from the government.

The assumption is that, if in England a single bank can afford to make a perpetual non-interest-bearing loan of \$85,000,000 to the government in exchange for the privilege of issuing a like volume of costless and non-interest-bearing notes to the people, so that the interest they receive from their borrowers cancels the interest the government would otherwise owe them, then, provided the transaction is properly manipulated in its details, the aggregated banks of America, having a capital and assets in all of about \$4,000,000,000, can afford to make the same kind of a perpetual non-interest-bearing loan to the government to the amount required to retire the greenbacks, in exchange for the same privilege of securing with their assets the daily coin redemption of \$255,000,000 of currency issued to their borrowers, who are in effect the people.

The people will be greatly benefited by it in the fact that if the currency were thus redeemable in coin, it would be issuable in volume equal at all times to the volume of good commercial paper seeking discount, and it would be called for wherever such securities existed. This would cure the dearth of money in the sections of original production, and so would make money abundant and rates of interest low wherever the security was good and banks popular, because useful, which is all that the people as business borrowers want. The people as taxpayers would be benefited by it, since the government would really extinguish \$255,000,000 of national debt, in a form in which it is periodically compelling sales of bonds to get gold, and put it into a form in which the daily trade of the country would be supplying the banks with the means of its daily redemption. The government would never resume its obligation to pay it until it withdrew from the banks the right to issue it, which under the penalty of again coming under the obligation to pay it the government would never do.

Assuming that such a consummation would be to the government economical and to the people a topic for universal rejoicing, let us now consider how it is that the banks, which are to be the chief agents in it, can afford it, since it is only in so far as it is profitable to the banks that it can be possible to the government.

The banks will only issue their bank notes to their customers in their ordinary course of business on commercial paper, or valid securities, which on its maturity will furnish the means or values which will redeem the notes. Hence, it will be the assets on which the banks make their loans which will redeem the notes in coin; and in this point of view the banks in redeeming the notes in gold on demand will only do what sound banking has always demanded of sound banks.

The circumstance that the notes are issued at a time when they take the place as currency or "fiduciary money" of government notes imposes no burden on the banks, and in no way makes them payers or bearers of the government debt. On the contrary, it transfers to the banks the privilege of loaning out for interest to their customers a volume of non-interest-bearing notes of their own, which at present it is more expedient that the banks shall owe to the people, than it is that the government shall owe to the people. The gross pecuniary value to the banks of the privilege of issuing these notes and loaning them will be the interest they will draw on them which, if they could keep all the notes loaned out exactly all the time at six per cent. would be thirty millions of dollars per annum. But as the exigencies of banking would hardly admit of their being loaned more than three-fourths of the time, the value of the privilege to the bankers of the country would be about twenty-two millions of dollars. But these will only form the central core of the volume of notes the banks will issue. For by assuming the redemption of these, they are set free to issue all the notes on which they can maintain coin redemption and for which they can make good loans. They secure also the abolition of the sub-treasury system, and make themselves depositories of the public moneys and agents in the transmission of government funds and the manipulation of government loans. The privilege of issuing bank notes equal to the demand notes now issued by the government would be worth to the aggregate banks of the country \$22,000,000 annually, and would of itself impose upon them no other burdens than banks everywhere assume on their circulating notes. Freedom to issue all the notes they pleased might well be worth as much more. Gold redemption would go far to elevate the United States banking system into the chief magnet for the attraction of foreign gold.

The sole confusion on the bankers' side of the transaction consists in the fact that they are, including National, State and private bankers, some seven or eight thousand in number, and seem at first sight to be as imperfectly united as an equal number of stores for the sale of goods. There is, however, already a slight connection between the larger and smaller banks in the system of deposits of reserves now practiced under the National Bank Act. They are induced by the National Banking law to keep their reserve on deposit in the banks of the larger cities, and finally in those of the city of New York. There is, however, no return-flow from the city to the country banks of the currency which thus tends toward congestion, except as country borrowers may come from all parts of the Union and make their own terms directly with the New York banks. Hence, in the panic of '93, it was the presence of these country borrowers in New York City that put up the price of currency and small bills, including silver dollars, to a premium of four or five per cent. above par, whereupon the wealthiest of the New York banks deemed themselves compelled to cease to honor the checks drawn on them by the Western and Southern banks which had deposited in them their reserves. Nothing could more forcibly demonstrate the unsoundness of a system of banking than the fact that during times of calm the currency congests in surplus at the centres of commerce, and is loaned out on existing values, *i. e.*, on stock margins and grain certificates. It fails to return to its points of issue in the rural districts, near the farm, the mine, the forest, the mill, the furnace, the factory or the fishery, where, if loaned, it would aid in the production of new commodities. It remains to stimulate speculation in values already created, instead of returning to create new products. Meanwhile, the starved rural districts become indignant against banks and banking, because they can only borrow at high rates of interest on farm notes, and for large sums they must come to New York, where for purposes of production they can not borrow at all, because the properties and capitals with which they are seeking to produce are unknown to the New York banks and trust companies. But for purposes of speculation they can borrow from the metropolitan banks without limit at low rates of interest the very funds which their home bankers refused to lend them, but which,

when deposited by their home banks in the New York banks as reserves, is freely loaned at low rates on grain certificates and stock margins, until speculation or other cause has brought on a crisis, and then currency passes to a premium, and the country banks can not draw their own reserves.

It ought to be plain to every banker that this is neither sound money nor honest banking, but that the elements of brigandage and piracy are in it at its most vital centre. When it is so modified that the currency issued by country banks will go back to them promptly and stay in them until loaned again in their own locality, then the national banking system will be recognized in the rural districts as a boon and a blessing to the producers, miners and industrial classes, and national banking itself will be popular.

The banks need unity among themselves, and they therefore need the branch system, as much to improve the utility and elevate the tone of their own business as bankers as they do to provide for assuming the issue and redemption of the additional \$486,000,000 of notes which now needs to be shifted from the government to them.

Another reason why the banks need to come together under the branch system is that it is the only one capable of serving the whole country equally with good banking facilities. This is shown by the rapidity with which the branch system, wherever it has been introduced, in England, France, Scotland, Australia, Canada, has run out the previous system of independent banks. A New York banker, Mr. J. Selwin Tait, writes on this point in the New York *Evening Post* with conclusive force. He says :

"A little more than sixty years ago, the British joint-stock banks with branches took the field in England, against the private banks which covered England from end to end and were believed in like a creed by the most conservative people in the world. It seemed a hopeless thing to fight against the wealth and local influence of these private banks, and yet to-day they may be said to have absolutely ceased to exist, swallowed up by the banks with branches. I know of one bank with deposits considerably in excess of \$200,000,000 which has absorbed more than 300 private banks.

"London's monetary position has been enormously strength-

ened by the change to branch banks, and every town in England has benefited by her gain. That city has ten joint-stock banks, with branches to the number of 1,343 throughout the country, and deposits amounting to \$934,716,245. She has in addition four joint-stock banks which are purely metropolitan, in that, while they have sixty-eight branches in London, they have none outside. These four banks have deposits amounting to \$325,000,000. In the case of the class of banks first named, the cash in hand is about 13 per cent. of the deposits, and in the case of the purely metropolitan banks about 15½ per cent. It is interesting to compare these percentages of cash in hand with that which the United States Government compels our national banks to keep, with a wise recognition of the perils to which isolated banks are exposed.

"But these figures do not show all that London gains by the branch system. It is to-day the center of a system of banks—domestic, colonial and foreign—representing upwards of 5,000 branch establishments, and with assets exceeding \$5,000,000,000. It would be useless to contend that such a gathering together of chief officers does not mean a gigantic assembling of capital also, or to say that the concentration does not give London enormous monetary and commercial prestige.

"It may seem strange that prudent English bankers should be content to retain only 13 per cent. of cash on hand, and yet there can be no doubt that a bank with a hundred branches is more adequately protected with such a percentage of its deposits on hand in cash than an independent bank is with 25 per cent.

"In wealth the United States is not exceeded by any European country, but its money lacks the power of concentration as well as the mobility which, with its gold standard, gives London the monetary control of the globe. If one could imagine Niagara's flood scattered all over the country in innumerable lakes and ponds and left to find its way to the ocean through ten thousand little rivulets, instead of uniting its waters to form a force sufficient to turn every wheel on this continent, that would form a scarcely exaggerated example of the difference between capital divided among thousands of independent banks and capital united and mobilized under the branch system."

In the interest of that mobilization of capital, which it is the

chief function of banking to effect, the banks of the United States must to-day regard the period of independent banks as past. The branch system is past due, and no occasion for its introduction can be so appropriate as when the banks are offered the opportunity to succeed the Government of the United States as the issuers and redeeming agencies for \$486,000,000 of currency heretofore issued by the United States Treasury.

Before it would be profitable to the large city banks, or safe to the smaller country banks, to take the burden and opportunity of this note issue off the hands of the Treasury, there must be a greater solidarity of interest between the city and country banks than now exists. At present, in fact, and during the whole period of the national banking system the city banks have stood aloof from the country banks, in the matter of the bank notes. They have said, "We have more gratuitous deposits than we can lend ! Why should we issue any notes ?"

To this the country banks could not even reply as could the country banks in Canada or Great Britain, "Our notes are the true source of your deposits."

This would have been true had the bank note been the only note in circulation, as it was in the periods of United States bank and State bank note circulation. But under the mixed greenback, gold certificate, silver certificate and national bank note circulation, this was not true. The note of the country bank was an insignificant and fortuitous feature in the deposits of the city banks, and formed no tie of reciprocal interest between the two.

The metropolitan banks can, and do say, now: "We do not want to issue any bank notes ourselves, nor to help any other banks to issue notes, and above all we don't want to be charged with the redemption of any notes of the country banks. The greenbacks, gold and silver certificates, are good enough notes for us, and we don't want any bank notes."

From this selfish, short-sighted way of surveying the currency question, through the pinhole of their own self-interest, the New York bankers will be driven, by the discovery that the continual free issue of gold bonds, to keep up a government redemption on the greenbacks, cannot be made perpetual. It must be stopped, either by the government being forced to pay silver, or by the banks of the country assuming to furnish gold.

When the greenbacks and treasury notes shall be retired, if they ever are, the notes of the country banks will then become the exclusive unit or basis (with gold coin) of the deposits of the city banks; coin redemption will inevitably have to come in when the greenbacks go out. If the banks are left wholly to work out their own salvation, without legislation as to their methods of coin redemption, as they did under the Suffolk Bank system of New England, and also under the two banks of the United States, it will result that half a dozen of the principal banks of every city will redeem the notes issued by those banks which are its customers and correspondents, and will require deposits to be kept with them sufficient to protect them in such redemption. For, after all the real work of redemption upon bank notes, which are issued on commercial paper, which results mainly from sales of products, is effected by the payment of the commercial paper, and this payment in turn is effected by mutual cancellation in the clearing-house, and this cancellation is the symbol of the final barter of the commodities on which the commercial paper was based. Hence the real medium of redemption of bank notes is commodities, coin performing only the function of adjusting final balances.

Hence in any system of coin redemption the great metropolitan banks, and especially those of New York City, cannot escape being the custodians of the ultimate gold reserve of all the banks in the country, or the duty of coin redemption which goes with the gold reserve. To perform this duty with pleasure and profit they must adopt the smaller banks under their care and tutelege, as Mr. Tait points out that the joint-stock banks of London have done.

With the withdrawal of the greenback, individual or independent banks come to an end, and the branch system of banking takes its place. This is only extending to our banking system a principle, the analogue of which under the name "consolidation" has long since converted our railway system from one of bankruptcy, weakness, dearness and popular aversion into one of economy, power, profit, popularity and utility.

The banks do not want the government's bonds, either at three per cent. or at any other rate. They would be vastly benefited by being invested with the privilege of issuing the \$486,000,000 of currency which now proves to be at once an

incubus to the government, a peril to the national finances, a perversion of the banking business into injurious ways, and an influence that deprives the people of an abundant source of loans and creates chronic stringency in the district of original production. All the banks need to ensure the safe and prompt assumption by them of the issue and redemption of the entire \$486,000,000 of demand notes now supplied by the government is to establish through a universal and comprehensive adoption of the branch system of banking such a solidarity of interest as shall prepare the large city banks to redeem daily on demand in gold the notes which the smaller country banks will be chiefly concerned in issuing and lending. This desideratum is a natural and proper element in banking, and needs only good legislation to secure.

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### Retire the Greenbacks Without Issuing Bonds.

THE impulse and authority to the banks to assume the privilege and burden of the issue and redemption of \$486,000,000 of bank notes, in lieu of those now issued by the government, must come from Congress. It could only be enacted under the duty which rests upon Congress of paying the public debt, providing the people with a safe and uniform currency, lessening the burdens of taxation and promoting commerce between the States.

Its provisions would be essentially:

1. A repeal of the Legal Tender Act, of the Sub-Treasury Act, and of such parts of the National Banking Act as require bond security for currency, and allow redemption of notes to be made in greenbacks.

2. A requirement that all demand notes issued by banking institutions of any kind be redeemable in gold coin. If notes under five dollars are made redeemable in silver, that might help silver, but would not be material to coin redemption.

3. All State and private banks which comply with this act to be free from the ten per cent. tax on their circulation.

4. All national, State and private banks of discount and deposit or circulation, which do not bring themselves within this act, to be taxed on both circulation and deposits sufficiently to induce a compliance with this act under penalty of discon-

tinuance of their circulation, and relative disadvantage in some small, but not oppressive or compulsory degree as to their deposits.

5. All banks having from \$25,000 to \$100,000 capital, and desiring to issue notes, to establish such branch relations by exchange of capital stock of equivalent value, and by reciprocal participation in voting management proportionate to relative capitals of the two banks, with some metropolitan bank exceeding \$1,000,000 capital, so that the reserves of the smaller bank shall be kept in the larger, the notes of the smaller or branch bank shall be redeemed by its metropolitan bank, and the capital, loans and assets of the smaller bank shall be security for loans to be made through it by the metropolitan bank, with such controlling influence, supervision and auditing of the affairs of the smaller bank by the larger, as shall make the system a means of equalizing rates of interest and furnishing abundant lending facilities and bank credit in the rural, planting, forest, fisheries, farming and mining sections, as well as secure the metropolitan banks and their branches in both the redemption of notes and making of loans.

6. The issue of notes by the branch banks, after redemption by the metropolitan banks ceases, should be punished as a crime in like manner as the putting out of notes by banks or persons not authorized by this act to issue them.

7. Banks having capitals above \$100,000 and below \$1,000,000 shall be permitted to enter into branch arrangements for deposit of reserves, redemption of notes, exchange of stock and reciprocity or participation in management, with banks having paid-up capitals, or capitals and rests, or surplus exceeding \$10,000,000. Banks not adopting the branch system will be taxed ten per cent. on circulation and one-half of one per cent. on deposits.

8. All customs duties and internal revenue taxes shall be paid in gold, or in notes of banks which promptly redeem in gold.

9. Banks which have organized under this act to the satisfaction of the comptroller of the currency, shall be entitled:

1. To withdraw from his custody all bond securities deposited with him to secure final redemption of their notes.

2. To a certificate that they are released from payment of 10 per cent. tax on their circulation, and from all control as to

the amount of their reserves, except that of their metropolitan banks, and from all taxes except such as are imposed by this act.

3. To issue their own circulating notes, to an amount equal to all greenbacks and Treasury notes they hand in to the Treasury for cancellation, and to any amount on which they and the banks of which they are branches shall maintain daily redemption in gold over their own counter as presented.

4. To be the depositories of the government moneys and agents of the government in managing the public debt. Compliance with this act will consist in each bank organized under it entering into branch relations with the larger and smaller banks as herein indicated, in handing in to the Secretary of the Treasury to be cancelled its aliquot share proportionate to its capital, of the \$255,000,000 of greenbacks to be cancelled, each share bearing the same proportion to \$255,000,000 as its capital bears to the aggregate banking capital, which shall be permitted under this act to carry on banks of circulation, discount and deposit, free from federal taxation, and shall take from the Controller of the Currency for circulation its own bank notes in the form prepared by the Controller of the Currency in a sum at least equal to the greenbacks it has delivered into the Treasury.

10. The visitatorial and inspection power of the Controller of the Currency heretofore exercised under the National Banking Law is continued as to notes designed to circulate as currency under this act. In States which authorize a State banking department, such department shall have concurrent jurisdiction with the Controller of the Currency in all inspection and visitatorial powers relating to the investments and securities which constitute the capital stock of the banks located in such State, and the deposits, loans, discounts, rates of interest and liabilities to depositors in the same, subject to such laws as the respective legislatures of the several States may pass for the regulation of capital invested in banking, for the protection of stockholders, creditors, depositors, note holders and all other persons interested in the same. It being the intent of this act that the State legislatures shall have exclusive jurisdiction to legislate for the security of deposits and discounts, and that the State Banking Superintendent shall have concurrent visitatorial and inspection power with the Controller of the Currency in all that relates to note circulation.

## Non-Partisan Politics.

BY EDWARD LAUTERBACH.

THE question of non-partisanship as a principle in politics is not merely a question as to whether, under certain conditions, citizens should vote against their party; it is the question whether non-partisanship is superior to partisanship as a permanent method of public opinion on questions of public policy.

If by non-partisanship is meant that when a party for any reason becomes too debased and corrupt for decent people to longer stay in and work with, it should be deserted, then it is a mere truism, which has long since passed into the category of self-evident ethics, and is not debatable. It is only when presented as a permanent principle in political action, that the doctrine of non-partisanship has any claim to serious consideration. In this sense, non-partisanship is a delusive sentiment, which has no foundation in logic or experience. As a principle of action, it is essentially and fundamentally chaotic, anarchic, disintegrating and non-representative. It is contrary to the principle and experience of all societary advance. It might sometimes result in securing a superior public officer, and so might the tossing up of a penny, or the drawing of the longest straw. Like gambling, the result will necessarily depend upon accident and chance, rather than upon well digested principle, which always involves permanent, cohesive organization.

Permanent, not transient organization, is the instrument of all societary progress, and is indispensable to representative institutions. No principle of morals, industry, social life or political government was ever embodied into public policy and institutions, except by means of permanent organization. The very test of the survival and social acceptance of an idea in any sphere of life, is that it creates a consensus of social opinion around and upon which people will organize for definite action.

Every type of civilization and national institutions, or other social and religious formations, owe their existence to this method of social action. The despotism of Asia, the constitutional monarchies of Europe and the democracy of America, are all the outcome of the same method and principle. In proportion as the government is despotic, political organizations are unnecessary, because the concensus of public opinion is

there indicated by silent acquiescence and not by conscious expression.

In proportion as governments become democratic, they involve the principle of volitional representation. Representative government involves the concentration of the opinions of the many into the action of the few. This concentration of opinion can only be correctly secured and converted into a safe rule of action by being reduced to a principle of public policy; and this conversion of public opinion into political principle can be accomplished only by the constant action of permanent organization; transient and fleeting associations are wholly inadequate to the performance of this all-important function of democratic representation.

Political parties, therefore, are absolutely essential to representative government and democratic institutions. They are the indispensable instruments of reducing popular desire to political principle, rendering rational, safe and consistent collective action possible. No stronger evidence for this could be given than the universal fact that with all their defects, political parties have become stronger and more permanent as representative government advances.

The advocates of non-partisanship, it may be urged, do not demand non-partisanship in national affairs, nor in state affairs, but only in municipal politics. Precisely; and here is where their case breaks down. If non-partisanship, or to put it in true mugwump fashion, if temporary organization regardless of political principle is superior to permanent organization, based upon well digested principle of public policy for municipal government, why is it not equally superior for national and state affairs? By what rule of logic or experience does party organization and well digested political principles which are admittedly superior for state and national affairs, become inferior to temporary association, devoid of political cohesion or accepted principle in municipal affairs? Manifestly, if well digested principle of public policy is important in the affairs of the state and federal government, it is more important in the affairs of local municipalities. For the cities and towns, the local groups are the nurseries for the character, intelligence and opinion out of which state and national policies are made. State and national government are but the larger integrations

of the local or municipal group. They are the very source of the national life and character; hence, if it is important that social principles of public policy should obtain anywhere, it is most important of all that they should obtain in municipal politics.

But the cities have become corrupt, we are told, and must be dealt with upon a different principle. In the organization of public opinion, cities must be segregated from state and national movements. In order to get wiser administrations, we must discard the machinery which works so efficiently in other fields; turn our backs upon the fundamental principles which represent the cumulative wisdom of the ages and call together a semi-mob, with no general affinity on questions of public policy, touching only at the sharpest angles, united only for a temporary object, jealous and distrustful of each other, because of the lack of fundamental agreement, and expect from this discordant, suspicious, non-integrated conglomeration, higher collective wisdom than could be obtained by permanent, cohesive relatively harmonious organization. One might as well expect philosophy from the dunce and efficiency from the novice.

The whole doctrine of non-partisanship as a remedy for political shortcomings is an inversion of the true principles of societary improvements. It proceeds upon the assumption that the way to improve a limb is to cut it off. It is much like expecting to prepare people for freedom by putting them in bondage. The true way to improve any part of the body politic is not to segregate it from the best and vitalizing portion of the social aggregate, but more closely to integrate it with the larger whole, so that the life and security of the best shall depend upon improving the character and elevating the standard of the worst. Nothing so effectually destroys vigilant activity as the removal of interest and responsibility.

It is true that cities as the great centres of wealth, commerce and industry, contain the lowest as well as the highest elements of our population. Through the growing political indifference among the rich at the top and the usable indifference of the neglected poor at the bottom, political corruption, fraud and degeneracy become possible. The remedy for this is not to eliminate from municipal politics party principles and

responsibility; on the contrary, it is to insert more of the principle of public policy, backed by party organization and responsibility in municipal politics.

If the national party organization were held responsible for the application of its highest principles in state and municipal affairs, wherever its party is in control, the incompetence, corruption, fraud and social degradation in municipal administration would be chargeable, not merely to the local managers, but to the national party.

Dishonor and disgrace in New York City, Troy and Chicago, would be charged to the party as a national organization and the right to be intrusted with the national government would be made to depend just as much upon the honesty, integrity and policy pursued in city and state affairs as upon the general doctrines of federal policy.

A party whose general principles is popular education, social improvement for the masses, purity of the ballot, should be held responsible for the carrying out of those principles in the state, cities, towns and wards, just as much as in the federal policy. With public opinion educated and organized on the basis of central party responsibility running through the whole body politic, it would be in vain for a party to issue high-sounding sentiments from the White House, and practice fraud, corruption, ballot stuffing, thugism and general political debauchery in its local administration. A democratic administration at Washington, with Tammanyism in New York, McKane and McLaughlinism in Brooklyn, rowdyism in Troy and Chicago, and lynching, assassination, political intimidation and coercion in the South, would be an impossibility. Public opinion would demand, as an evidence of good faith, that the high pretensions of political purity and personal freedom should be verified in the local and state administration where the party is in the ascendency. This would make it necessary for the national party to bring to bear its whole power and influence to secure reform in local and state politics as the only means of its success in the nation.

It is claimed by the advocates of non-partisanship that Tammany rule in New York City is the result of too much partisanship. The truth is, it is due to a low quality of partisanship. It is of the same quality that steals legislatures, shoots

election inspectors and intimidates whole counties out of their political rights.

The effort to segregate municipal politics from national organizations and policy is simply to relieve the respectable elements of the national organization from the responsibility of insisting upon reform within the party that shall carry honesty and integrity into municipal administrations. Little wonder that the respectable people in the Democratic party want non-partisanship in municipal affairs, especially in New York. By that means, they are enabled to escape the responsibility of the political degradation and immorality their party is inflicting upon the community. The truth is that in national politics the Democratic party has depended for its success upon the corrupt and dishonest methods that destroy the freedom of voting in the South; and the fraudulent majorities manufactured by Tammany in New York City to overcome the honest vote of the State. So that in reality the political immorality and social vice, organized and encouraged in the local administrations has been the chief instrument by which the Democratic party has succeeded to power in the Nation.

To relieve the national party of the responsibility in local politics is to encourage these debauching political methods. A thorough system of party responsibility and integrity would compel the Democratic party to purge itself of the methods of the Tammanys and the Hills and the Southern coercionists before it could have any respectable standing in Washington.

What, it may be asked, should decent people do who belong to degenerate political parties? They should be compelled by the public demand for party responsibility to reform their party or leave it; but it should be impossible for them to obtain public confidence by merely ignoring or repudiating the corrupt and degrading conduct of their party in local matters.

This political degeneracy cannot be effectually reformed by fusion. Fusion politics neither emphasize better principles of public policy, nor purify party organization. On the contrary, they furnish an easy means for the reform element to shirk the responsibility of the worst consequences of its party in local politics while helping to maintain the ascendancy in the state and national affairs. Instead of punishing the party for per-

mitting its political degeneracy, it helps to shield it from legitimate consequences of its vicious conduct.

Fusion is not a reform of methods or a development of principles, but a mere mixing of men for official positions. Moreover, it injures the influence and power of the superior party, because it deprives it of whatever honor and prestige attaches to the sporadic fusion movement by destroying party responsibility. In New York City, for instance, the credit of the improvements introduced by the present administration has no definite resting place. The honor, responsibility and credit belong to nobody, inspire nobody and this fact chills the enthusiasm of organized effort, and has essentially disintegrated the reform movement.

The Republican party was the organized party of honest government and municipal reform in this community. It stood definitely for honest elections, respect for law, better schools, cleaner streets and general municipal decency. If it had been true to its principle and party responsibility, refused fusion and insisted upon its platform and party organization, respectable Democrats would have been forced to go with it or share the disgrace of sustaining Tammany. Whether it had succeeded or failed, it would have welded together the public sentiment in favor of the movement, strengthened its own power for good, and weakened the possibility of the compromise with evil. But by fusion—trying to mix elements having little or nothing in common—it helped to strengthen the general party to which the local corruption belonged, disintegrated its own organization, weakened its own local influence and set back the movement of reform.

As a method of political reform, fusion is a failure. Progressive societary movements, to be permanent and useful, must be protected by the honest organization of public sentiment upon a sound principle of public policy, and not by fusion of personal ambitions. Any effort to make temporary advance by fusion with those who do not accept the principles, are not true to the organization and fuse only for a division of the offices, in order ultimately to strengthen their own organization, is bad statesmanship, poor politics and mockery of real reform. Fusion without conversion always results in failure, whether it is with populists, greenbackers, free silverites, single taxers,

socialists or mugwumps. Disappointment, jealousy, wrangling and finally disintegration of the reform party organization is sure to result from taking on discordant and unassimilable elements for a temporary purpose. Honesty and efficiency in political reform and public administration can best and most easily be accomplished through honest and loyal party organization whose principles shall permeate its ranks from top to bottom and whose responsibility shall extend from center to circumference.

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### The Opening of Biltmore.

THE press announced with a variety of descriptions the fact that Mr. George W. Vanderbilt formally opened his country residence at Biltmore, N. C., on Christmas day. The affair was a house warming by the immediate members of the Vanderbilt family.

For several years, considerable has been written about Mr. George Vanderbilt's Biltmore estate. It has been elaborately described as the most extensive private property in the United States. The immediate grounds embrace about nine thousand acres, through which some seventy-five miles of driveway have already been laid out. In addition to this the estate embraces some one hundred thousand acres of woodland, containing great hunting and fishing facilities, which include Mount Pisgah, said to be the highest peak east of the Rockies. From the mansion can be seen some fifty mountain peaks, with an altitude of five thousand feet. The estate, when completed, will unquestionably be the finest in America, and in many respects the finest in the world.

All this is highly gratifying to Mr. Vanderbilt and to the Vanderbilt family, but from an economic and sociological, as well as national point of view, it has a more significant side. It is the demonstration of what has frequently been called attention to in these pages of the social functions of great fortunes. Great fortunes, when they are the result of productive enterprise, as is the case with all the fortunes in this country, of which the Vanderbilt is conspicuous, have two stages, and fill two separate kinds of functions, one distinctly economic and the other social.

Great fortunes in the making are almost exclusively economic. They come of increased enterprises born of far-reaching economies, as the application of new methods or new modes of organizing productive industry, of which modern railroad-ing is a conspicuous example. In the period of acquisition, the owners of large capital are not infrequently harsh, severe and sometimes even mean. They are in the hustle and bustle of economic devices, all of which tends to concentrate the attention and interest on a specific thing, and consequently narrows the view of the social horizon. It makes the fortune gatherer seem avaricious and grasping, and often brings down the censure of the very public that is reaping the economic benefits of his energies. In other words, the function of this seemingly cold and hard-headed life is the cheapening of wealth for the community by the devices which produce its own fortune. So that the function of the fortune-maker is not so much that of a social refiner and reformer as of an economic revolutionist and wealth cheapener.

That is why an aristocracy, who have passed the period of industrial struggling and live upon incomes already established, look down upon and criticise the mercantile classes as crude, avaricious and grasping—a criticism so often directed to this country by the so-called upper classes of Europe.

The function of the second generation of the fortune-maker is distinctly social. They have been removed from the arena of bustle and strife involved in wealth production to a position of leisure, travel and culture associated with large expenditure. Now, it is always the expenditures of mankind that promote the higher phases of civilization. It is exactly in this respect that the aristocracy of Europe have exercised their best influence upon society. This country is just entering upon the threshold of the leisure phase of its societary development.

The first expression of it is shown in the eagerness with which the second generation of our wealthy classes flee to Europe for their social environment; some buying estates there, others adding their fortunes to those of rank and position there; all for the purposes of the societary opportunities which the generations and centuries of treasure and culture have given. Now, the development of this cultured environment is most

needed in this country. Every detachment of wealthy Americans from this country to Europe is so much check to the higher evolution of the Republic. We need an aristocracy of culture in this country, but not such an one as shall be separated from the people by an impossible social chasm as in Europe, but one that shall have the conditions of refinement for developing the highest types of culture and taste in every phase of social life, without the class chasm of the old world; so that the social culture, with all it implies, shall percolate down through all the social strata with no greater obstacle than is involved in the development of the capacity to take on and assimilate the newer social quality.

In his Biltmore undertaking, Mr. George W. Vanderbilt has set the first great example to American millionaires in this direction. He is developing an estate superior in its appointments and opportunities to anything Europe can offer, with abundant wealth to add to it all that the latest in science, art and architecture can develop. Young Mr. Vanderbilt was born free from the pressure of business bustle, with sense enough to know that productive investment is necessary to permanent income. He has, therefore, none of the snobbery which looks down upon productive enterprise, but he has devoted himself personally to promoting opportunities for education and art and other socializing and broadening influences. Biltmore is but one of his efforts in this direction. It is perhaps more significant because it is leading the way to a new direction of devoting American wealth to the uplifting of American standard of taste and social cultivation.

If other young millionaires would follow Mr. Vanderbilt's example, we could soon have a series of immense estates in this country which would be veritable centers of diversification and refinement, and which would rapidly spread their influence throughout the whole nation. It would also tend to turn the trend of travel towards this country instead of taking it all to Europe. The taste, architecture and general bearing, developed and engendered under such conditions, would do much to set the standard among the different social classes in all parts of the country. It would tend to spread a precision, order and refinement across the entire continent, and very soon would make the sneering remark that "we are a nation of dol-

lar chasers" impossible. In supporting the newest and best in education, leading the way in developing and beautifying American estates, adding the highest art in landscape, architecture and social appointments to the exceptional natural scenery, Mr. George W. Vanderbilt is rendering a service to the development of the national taste and civilization of the Republic for the Twentieth Century, no less important than the service his father and grandfather rendered to the industrial development of the Nineteenth Century.

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### The Reed-Dingley Revenue Bill.

AS THE result of his uneconomic policy, which disrupted our industries and destroyed the national revenues, President Cleveland made a frantic, panic-creating appeal to Congress for help. He asked the national legislature to forego its usual Christmas holiday to rescue the treasury from the deplorable condition into which his leadership had brought it. With a promptness seldom equalled, Congress, under the leadership of Speaker Reed and ex-Governor Dingley, responded to the call for aid. Mr. Cleveland's panicky message was sent to Congress on December 21st, and on the 26th the House reported two bills, one for temporary borrowing to save the Treasury from bankruptcy, and the other to provide revenue. The following is the full text of both bills as reported by the Ways and Means Committee:

#### BILL NO. 1.

A bill to maintain and protect the coin redemption fund and to authorize the issue of certificates of indebtedness to meet temporary deficiencies of revenue. Be it enacted, etc.:

SECTION 1.—That in addition to the authority given to the Secretary of the Treasury by the act approved January 14, 1875, entitled "An act to provide for the resumption of specie payments," he is authorized from time to time at his discretion, to issue, sell and dispose of, at not less than par in coin, coupon or registered bonds of the United States, to an amount sufficient for the object stated in this section, bearing not to exceed 3 per centum interest per annum, payable semi-annually and redeemable at the pleasure of the United States, in coin, after five years from their date, with like qualities, privileges and exemptions provided in said act for the bonds therein authorized. And the Secretary of the Treasury shall use the proceeds thereof for the redemption of United States legal tender notes, and for no other purpose. Whenever the Secretary of the Treasury shall offer any of the bonds authorized for sale by this act or by the Resumption Act

of 1875 he shall advertise the same and authorize subscriptions therefor to be made at the Treasury Department and at the Sub-Treasuries and designated depositories of the United States.

**SECTION 2.**—That to provide for any temporary deficiency now existing or which may hereafter occur, the Secretary of the Treasury is hereby authorized, at his discretion, to issue certificates of indebtedness of the United States to an amount not exceeding fifty millions of dollars, payable in three years after their date to the bearer in lawful money of the United States of the denomination of twenty dollars or multiples thereof, with annual coupons for interest at the rate of three per centum per annum, and to sell and dispose of the same for not less than an equal amount of lawful money of the United States at the Treasury Department and at the Sub-Treasuries and designated depositories of the United States and at such post-offices as he may select, and such certificates shall have like qualities, privileges and exemptions provided in said resumption act for the bonds therein authorized. And the proceeds thereof shall be used for the purpose prescribed in the Section 1 and for no other.

#### BILL No. 2.

A bill to temporarily increase revenue to meet the expenses of the Government and provide against a deficiency. Be it enacted, etc.:

**SECTION 1.**—That from and after the passage of this act, and until August 1, 1898, there shall be levied, collected and paid on all imported wools of Classes 1 and 2, as defined in the act hereinafter cited, approved October 1, 1890, and subject to all the conditions and limitations thereof, and on all hair of the camel, goat, alpaca and other animals, except as hereinafter provided, and on all noils, shoddy, garnetted waste, top waste, slubbing waste, roving waste, ring waste, yarn waste and all other wastes composed wholly or in part of wool, and on all woolen rags, mungo and flocks, a duty equivalent to 60 per centum of the duty imposed on each of such articles by an act entitled "An act to reduce the revenue and equalize duties on imports, and for other purposes," approved October 1, 1890, and subject to all the conditions and limitations of said act; and on all wools and Russian camel's hair of Class 3, as defined in said act approved October 1, 1890, and subject to all conditions and limitations thereof, there shall be levied, collected and paid the several duties provided by the said act, approved October 1, 1890. And Paragraph 279 of Schedule K, and also Paragraph 685 in the free list in an act entitled "An act to reduce taxation, to provide revenue for the Government, and for other purposes," which became a law August 27, 1894, are hereby suspended until August 1, 1898.

**SECTION 2.**—That from and after the passage of this act and until August 1, 1898, there shall be levied, collected and paid on all imported articles made in whole or in part of wool, worsted or other material described in Section 1 of this act, except as hereinafter provided, 60 per centum of the specific pound or square yard duty imposed on each of said articles by an act entitled "An act to reduce the revenue and equalize duties on imports, and for other purposes," approved October 1, 1890, and subject to all the conditions of and limitations thereof. In addition to the

*ad valorem* duty now imposed on each of said articles by an act entitled "An act to reduce taxation, to provide revenue for the Government and for other purposes," which became a law August 27, 1894; and on carpets, druggets, bockings, mats, rugs, screens, covers, hassocks, bedsides, art squares and other portions of carpetings made in whole or in part of wool, the specific square yard duty imposed on each of said articles by said act, approved October 1, 1890, and subject to all the conditions and limitations thereof, in addition to the *ad valorem* duty imposed on such articles by said act which became a law August 27, 1894.

SECTION 3.—That from and after the passage of this act and until August 1, 1898, there shall be levied, collected and paid on all imported lumber and other articles designated in Paragraphs 674 to 683 inclusive, of an act entitled "An act to reduce taxation, to provide revenue for the Government and for other purposes," which became a law August 27, 1894, a duty equivalent to 60 per cent. of the duties imposed on each of such articles by an act entitled "An act to reduce the revenue and equalize duties on imports and for other purposes," approved October 1, 1890, and subject to all conditions and limitations of said last named act; but pulp wood shall be classified as round unmanufactured timber exempt from duty, provided that in case any foreign country shall impose an export duty upon pine, spruce, elm or other logs, or upon stave bolts, shingle wood, pulp wood or heading blocks exported to the United States from such country, then the duty upon the lumber and other articles mentioned in said Paragraphs 674 to 683 inclusive, when imported from such country, shall be the same as fixed by the law enforced prior to 1890.

SECTION 4.—That on and after the passage of this act and until August 1, 1898, there shall be levied, collected and paid on all imported articles mentioned in Schedules A, B, C, D, F, G, H, I, J, L, M and N of an act entitled "An act to reduce taxation, to provide revenue for the Government and for other purposes," which became a law August 27, 1894, a duty equivalent to 15 per cent. of the duty imposed on each of said articles by existing law in addition to the duty of August 27, 1894, provided that the additional duties imposed by this section shall not in any case increase the rate of duty on any article beyond the rate imposed thereon by the said act of October 1, 1890; but in such case the duties shall be the same as were imposed by said act; and provided, further that where the present rate of duty on any article is higher than was fixed by said last named act, the rate of duty thereon shall not be further increased by this section, but shall remain as provided by existing laws.

It could not be expected that under such fire-alarm conditions a fully digested revenue measure could be prepared. Under the circumstances, the revenue bill shows a gratifying degree of good sense. In view of the brevity, directness and efficiency of the measure, to criticise its minor defects would be supercilious. It is a prompt, wise, efficient and well-directed effort to restore the solvency of the government by much need-

ed protective duties. It will be as helpful to industry as to the Treasury.

It is only to continue in operation until August 1, 1898, by which time the nation will have decided definitely whether it wants to continue its protective policy or enter upon the new century with a free trade experiment. If the election of 1896 should give a Congress and President in favor of an anti-protection policy, the provisions of this bill will clear the way for it, as these duties will cease to operate in less than a year after the new Congress meets.

On the other hand, if, as is much more probable, the nation decides in 1896 that it wants to begin the new century with a protective policy, the expiration of this law will make an entire revision of the subject necessary; in which case, it is to be hoped that the tariff will be put upon a more strictly economic and less political basis than ever before.

It will be observed that the new bill perpetuates the heresy that the full amount of the duty is added to the price, by providing a compensatory duty on manufactured woolens equal to the duty on raw wool. Every manufacturer knows that the price is not increased by the full amount of the duty; it was not under the McKinley Bill nor under any other bill, and protectionists have denied right along that such is the case. This is a delusion, the acquiescence in which has done much to injure the cause of protection, and ought not to be recognized in any protective legislation. In the present instance, however, it probably could not have been avoided, as the present bill is an emergency measure which should not be impeded by protracted discussion. And as it is only to last until 1898, it might have been inadvisable to raise the issue.

The woolen manufacturers needed the protection quite as much as the wool growers. To give them protection under the pretense of compensation for the duty on raw wool will have the same effect as if it had been frankly given for protection, though it is a delusion which should be avoided in all future discussions and legislation upon the subject. If manufacturers really need protection, give it to them, but do not give them protection under the hocus-pocus process of pretending to compensate them for a duty they do not pay. The disaster of such legislation is revealed when for any reason a change in the duty

on raw wool is brought about, as in the case of the Wilson Bill.

Every woolen manufacturer knows that the removal of what was called compensatory duties from woolen manufacturers cut right into their protection. If the duty on wool had been levied for protection purposes, it would not have been withdrawn under the pretense of giving free wool. The manufacturers would then have had permanent fighting ground against the severe knifing they received by the Wilson Bill. Like all other forms of error, bad economic reasoning is sure to bring its penalty, and its reaction is apt to come when it is least expected. Correct reasons are always the best in the long run, though sometimes delusion will make more headway for the moment. When the time comes in 1898 for a more scientific and comprehensive revision of the whole subject, strictly economic reasons alone should govern the legislation. In the meantime, the Reed-Dingley measure will answer all the emergency purposes both of revenue and protection. If the President obstructs the passage of this measure by his veto, he will but add one more to his list of crimes against the Republic.

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## Toynbee and His Work.

By DR. M. McG. DANA.

AS A fitting background on which to set the career we are about to portray, let us recall the sensational and troublous history of the year in which it began. The trend of European affairs can be at least partially traced in the mood and policy of England. You can surely infer from the record of English excitement and governmental action what may have transpired across the Channel. The year of Toynbee's birth—1852—was one of great unrest. An outburst of military spirit was the resultant of a fresh alarm about a French invasion. Then came as a consequent, the volunteer movement, which aroused an immense amount of national enthusiasm, and received even the sanction of the Crown. The poet laureate, Mr. Tennyson, attempted to voice the popular sentiment, and though his lines are manifestly unworthy of his high powers, they nevertheless are significant, because expressive of the public alarm prevalent

at that time. The previous year had been signalized by the opening of the great exhibition in Crystal Palace, and by the *coup d'état* of Louis Napoleon. On the anniversary of the latter event in 1852, came his inauguration as hereditary Emperor, with imposing religious ceremonial in the historic church of Paris—Notre Dame. Lord Palmerston, as foreign secretary under Lord Russell, had been dismissed. This was due, in part, to his arbitrary conduct of foreign affairs, and also to a growing distrust of him by both the Queen and the Prime Minister. Palmerston was a difficult man to understand, for while reckoned as a conservative at home, he was looked upon by Continental cabinets as a patron of revolution, and by English radicals as the steady enemy of political reform. Cobden so thoroughly disliked him that he did not hesitate to declare him to be the worst minister that ever governed England. Yet this good-natured statesman at a later period invited his outspoken critic to take office under him. Palmerston was also a pronounced friend, officially and personally, of Kossuth, and displayed an open contempt for the anger and alarm of Austria over his escape. He astounded his colleagues by continuing diplomatic relations with Louis Napoleon, and by giving a semi-official endorsement to the *coup d'état* of the latter. In February, 1852, came the overthrow of the Russell Ministry, with its attendant excitement. Little of a positive character had been initiated or accomplished by it. Following Peel's policy of throwing open the markets to foreign as well as colonial sugar, and by the repeal of the Navigation Laws, it had commanded a mild approval. It made an ineffectual effort at a reform bill, and feebly favored attempts to gain admission into Parliament for Jews, and then it fell, without exciting any national regret. The Derby Ministry, familiarly spoken of as the "Who! Who!" Government, succeeded, and at the outset made an almost fatal blunder by hinting, as did its Premier, that the question of protection would be reviewed. At once the Free Trade League was reorganized, and between the agitation thereby awakened, the disturbances in Ireland over the Tenant Right question, the popular discontent became wide-spread. Turning to the industrial condition, we find the great lock-out of the iron trade had just occurred, while the co-operative movement in London was met by a bitter antagonism on the

part of those opposed to all labor associations, even for mutual help. The Christian Socialists, among whom figured Charles Kingsley, were still encountering the denunciation of conservative reviews and the Manchester School of economists. Such were the scenes which had been transpiring, and such the pancy year in the August of which Arnold Toynbee was born, at Savile Row, London.

There is something exceedingly attractive about our subject, while his name has come to stand for a significant social movement. New men put new questions, and that makes their advent always of interest. New eyes wherewith to see this old world; and then a strong intellect wherewith to untangle its problems and teach the new truth for which humanity waits, that makes a mission possible. Toynbee came naturally by his deep interest in the hardships and occupations of the working-classes. His father before him had been a student of the condition of the poor, and had assisted in erecting for them model cottages, and the establishment of a lecture hall, at Wimbledon, where the Toynbees resided.

It was a lively village, situated in the midst of charming rural scenery, and ministering to the delight in natural beauty which was early developed in young Toynbee through the careful and sympathetic tuition of his father. His rambles over Wimbledon Common were recalled as among the happiest hours of his childhood. He early acquired a fondness for history, especially military history, delighting as a boy in constructing mimic fortifications, and equipping them with such armament as he could procure. Though always delicate, and acutely sensitive to pain, he yet was fearless and impetuous, uniting with high-strung vehemence a resolute will. He was in every respect a loveable and manly youth. He had a boy's instinct for games, and excelled in all those sports which in school and university do so much to develop the physical vigor and self-reliant qualities for which English young men, as a class, are noted. Arnold's first preference was for a military life, but changing tastes, and a sense of physical unfitness, soon turned him from this; and next he thought of the civil service. To prepare for this he began upon a course of careful reading, covering two years, supplemented by lectures at King's College, London. Again he changed his purpose and determined to

prepare for the bar. But even this was abandoned, and few suspected the struggle, the inward unrest, which made this unavoidable. It is always sad to see a young life, girt with unusual promise, hampered at its very start with ill health, and its entail of suffering and struggle; yet 'tis true that its way of suffering is the witness which a soul bears to itself. What martyrdom is more noble than the renunciation of happiness and the fearless pursuit of duty, or the placing conscience where mere feeling had hitherto held sway.

Young Toynbee finally decided to devote himself to the study of history and its philosophy. To this pursuit he said he wished to give up his life, and therefore relinquished all idea of entering upon any profession. Apologetically writing of this new aim he said: "I do not care to spend my life in acquiring material benefits, which might have an evil, and at any rate could not have a good, effect upon me. \* \* \* My sole, and so far as it can be, unalloyed motive is the pursuit of truth; and for truth I feel I would willingly sacrifice prospects of the most dazzling renown." This has the ring of true chivalry about it, and is noteworthy as the utterance of a young man just completing his nineteenth year. He is having his first real glimpse into his promised land, his day of ecstasy. Every one begins the world afresh, as if none had lived before him whose bequest of failures and experiences might make him more cautious and less presumptuous. The young man has now found his calling, and in spirit, at least, he ever after adhered to the programme it involved. Before he was sixteen his father died, and he was left at a critical period without the latter's counsel and companionship.

Inclined too much to solitude, and living mostly in books, it proved a most timely step when Toynbee entered Pembroke College, Oxford, at the age of twenty-one. University life supplied him with correctives for mental faults he had fallen into, while contact with bright minds intensified and enlarged the scope of his own powers, taught him his defects and stimulated his ambition. Sickness occasioned by competing for a scholarship in modern history in Balliol College obliged him to leave Oxford. In January, 1875, he returned as a commoner of Balliol College, and here he spent nearly three years. Handicapped by continued ill health, he was compelled to fore-

go reading for honors or competing for any of the University prizes. In fact, he could only apply himself for a few brief hours daily, and had to be content with taking a pass degree in the summer of 1878. While at Balliol he read widely and wisely, and yielded to the spell of some of the scholarly men, intercourse with whom constituted one of the chief advantages of University life. The social side of his nature, too, was brought out during his residence at Oxford, and his genial, inquisitive spirit attached to him those who appreciated his gifts and prized his friendship. We have this picture of him when on the threshold of his unique career: "An oval face, a high forehead crowned with masses of soft brown hair, features very clearly cut, a straight nose, and a rather large, full-lipped mouth, which only needed more color to produce the impression of beauty. \* \* \* Together with this winning countenance, he had a manner singularly frank, open and animated." He is a student in looks, and though already an invalid without the peculiarities, sometimes painful, sometimes pitiful, which invalidism is apt to produce, the charm his university residence had for him crops out in letters, as well as in the deepening life of which he became ever more and more conscious. This fragment of a letter to a friend acquaints us with the thoughtful and prophetic glow which marked the man: "The Garden Quadrangle at Balliol is where one walks at night and listens to the wind in the trees and weaves the stars into the web of one's thoughts; where one gazes from the pale, inhuman moon to the ruddy light of the windows, and hears broken notes of music and laughter, and the complaining murmur of the railroad in the distance." At Oxford, Toynbee came under the influence of Mr. Ruskin, then Professor of Fine Arts in the University. To illustrate the dignity and benefits of manual toil, the professor had persuaded not a few of the undergraduates to work under him repairing the road in the village of Hinksey near Oxford. Among these Toynbee eagerly enrolled himself, and by dint of zeal and pluck rose to be a foreman among these student workmen. While at Balliol political economy attracted him, because shedding the light needed on social conditions, and enabling him to deal intelligently with the problems which soon were to engross his time and study.

It had long been Toynbee's desire to understand and help the poor. So he made the somewhat original, and, as it proved, useful venture of spending part of the vacations of 1875 in the Whitechapel, East London. He clearly saw that money is impotent to deal with the problem of poverty. Friendship and sympathy he recognized as the great factors in bringing about any permanent betterment. Accordingly, he took rooms in a common lodging house in the Commercial Road, Whitechapel, and furnished them in the plainest possible manner. Thus was initiated a movement whose real promise he, perhaps, at the time did not suspect. 'Tis always so with humanity's best workers. They build better than they know. Now the bon-hommie of Toynbee came out, and the charm of his manners attracted others to him. He did not keep aloof from those amid whom he came to live, but at once interested himself in their hopes and neighborly reciprocities in the existing organizations, in the amusements and entertainments of the school children. Then he offered himself as a co-worker to that ever-honored veteran in the social movements of East London, Rev. Mr. Barnett, Vicar of St. Jude's. Next he put himself in touch with the Charity Organization Society, valuing the opportunity he thus gained for securing an insight into the real condition of those who hitherto had been so little known and less understood. He joined the Tower Hamlets Radical Club, and through his evenings spent there came to know the East End politicians and the ideas which governed them. Remember, we are describing a real life venture, and that Toynbee had no forerunners, but was feeling his own way in a bold, manly fashion towards a work which soon engaged all his time and talents. How like his straightforward, self-reliant method it was to encounter men where he found them engirt with prejudices he deemed irrational and unmanly. For, among the first themes on which he spoke were those of political economy and religion, and he chose them because he found so many in the club who were strongly opposed to both. And it was while speaking to his associates in the club that he became aware of a new power. He had been hitherto without any incentive to this kind of speech, and it was a joy to him to discover that he could think on his feet and express himself clearly and forcibly and command attentive listening. The address was, first, such a

setting forth of the nature and aims of religion as might have been expected from this unconventional, but earnest church man. The debate which followed was spirited, if not altogether reverent or orthodox in tone. It was a revelation to him as to the way these men looked at religion; for one speaker held that the common idea of heaven (one which he was intent upon ridiculing), was "a place where the angels had nothing to do but let their hair go on growing and growing forever." It was a pity Toynbee was not able to repeat his Whitechapel residential visits, but his health was too delicate to endure the strain of his novel but wearying environment, and sadly he gave it up; little dreaming that his example and brief experiment was to be memorialized in Toynbee Hall, and all that it stood for in Whitechapel as well as prompted to elsewhere.

Soon after taking his degree at Balliol some thirty or more Indian students were put under his charge. His interest in the study of Political Economy had grown, and to this he now added the careful study of Indian subjects. He rightly felt that much depended on these representatives of India being rightly grounded in the principles of economics; at the same time he recognized the necessity of modifying the teachings of English economists to the condition of things his pupils would meet in their own country. He appreciated, also, the opportunity afforded him of training these young men for responsible service under the English Government.

Toynbee, young as he was, had already broken with the older economists, believing them too largely theoretical and too little ethical. There was need, in his judgment, of a new political economy, nearer to the real facts of society and also more humane. He had no patience with the mere formulation of economic laws; he wanted duties emphasized, the ethical relations of men made more of, and some amelioration of the social condition proposed. If the older school of political writers had dwelt on the danger of government interference and leaned unduly to the doctrine of *laissez faire*, that only made it the more incumbent on the new school of economists to show the real sphere of government what it might do and where its intervention was wise and necessary. Yet he is not an extremist in advocating state action, or the socializing of some functions hitherto deemed beyond the province of the general government or

municipality. He was pronounced in his views in favor of free trade, but also in favor of the freedom of labor and in the radical change of the Poor Law. His sympathy with the wage-earning class made him feel that the theories of leading political economists promoted a grasping spirit in the individual and nation. He felt that the poor man was handicapped in his lot, for without education, or the free opportunity of emigration, he had little chance of gaining his portion of the augmenting wealth of the country. Toynbee's position was not altogether easy to understand, for he was neither socialist nor democrat. While he was no partisan in politics, he was in sympathy with the laboring classes, and he had made their condition his study. So he realized, as few of the doctrinaires did, the altered condition of things resulting from the growth of the factory system, the remuneration of laborers and their organization for self-protection. The historical method in which Toynbee believed, had revolutionized political economy by showing that its laws were for the most part relative, changing with the varying stages of civilization. Adam Smith was concerned about production, but already in Toynbee's time the more equitable distribution of wealth was the great question. Hence, he claimed "that a gospel of life was needed, and the old political economy had none. Morality must be united with economics as a practical science. The better distribution which is sought will then be found in the direction of (1) a modification of the idea of private property by (a) public opinion and (b) legislation, but not so as to destroy individualism, which will itself be modified by duty and the love of man; (2) of state action in the interest of the whole people; (3) of association not only of producers but consumers." Toynbee was a close observer of economic phenomena, and had the rare gift of impressing his views on others. In the club of university men he organized for the purpose of discussing social and industrial questions and of educating public opinion, he was the leading spirit. In 1880, his belief that the time was ripe for a movement to interest and instruct the masses led him to deliver a series of popular addresses. The first were given at Bradford, upon Free Trade, the Law of Wages, and England's Industrial Supremacy. The second of the above named lectures he repeated at Firth College, Sheffield. In this is seen the

constant aim of Toynbee to enforce the distinction between the laws of production, which are the laws of nature, and the laws of distribution, which are in part the result of human contrivance and may be modified and improved through the growth of intelligence and a deepened sense of justice. Another lecture, on Industry and Democracy, was noteworthy for its historical survey and the close attention it won from audiences in Newcastle and Bradford. In a later address, on the question, "Are Radicals Socialists," he proposed these three tests to determine the wisdom of state interference in any instance: (1) The matter must be one of primary social importance; (2) it must be proved to be practicable; (3) the state interference must not diminish self-reliance. In the winter of 1880 he began to lecture on political economy to a class of workingmen which met at the Oxford Co-operative Stores. An article he wrote for the *Oxford Co-operative Record* on "Cheap Clothes and Nasty," reminded workingmen what hard and ill-paid labor of their kin was required to produce this sort of clothing. "The great maxim we have all to follow is that the welfare of the producer is as much a matter of interest to the consumer as the price of the product," and in urging regard for this he was wise above his times, and his dictum finds application to to-day's methods in trade. At the annual Congress of Co-operative Societies, held at Oxford in 1882, his paper on "The Education of Co-operators" was suggestively brilliant and withal characteristic. He urged on the Co-operative Societies a course of instruction for their members in civics and political economy. "Languor can only be conquered by enthusiasm, and enthusiasm can only be kindled by two things—an ideal which takes the imagination by storm, and a definite intelligible plan for carrying out that ideal into practice." The embodiment of enthusiasm himself, he sought to kindle a like flame in the breasts of those whom exacting toil wearied and made apathetic.

In all these efforts, Toynbee is showing the qualities of a leader and teacher for the times, and had he lived long enough to advocate his noble programme, he would have profoundly affected the laboring classes of England. As it was, the latter hardly realized what a brave friend and wise advocate he was, so far as their interests were concerned. Henry George's book on "Progress and Poverty" became the theme of two lectures

given at Oxford in 1882, and because his last, had about them a pathetic interest, and the earnest appeal with which they concluded, addressed to his younger hearers, touched and deeply moved them. The shadows were visibly gathering about him, and his friends noted sadly his growing feebleness, and the loss of his quondam exuberance and hopefulness of spirit. He would not, however, cease from his labors, but with characteristic resoluteness tinged with an unconquerable enthusiasm, he kept at his work, and in January, 1883, went from St. Andrews Hall, Newman St., London, where he was repeating his second lecture on "Progress and Poverty," a dying man. He lingered till March 9, 1883, and then amid the home circle at Wimbledon, in his thirty-first year, he passed away. To the last, his mind dwelt on his great occupation, to which he had consecrated himself with a signal devotion. It was to help men that he had striven, and through his brief but arduous career he was sustained by his quenchless hope of betterment for the laboring classes, and an unfaltering zeal in bringing to them the uplift of his own ideals. There has always been an undefinable charm about the man, which accounts for a reputation which seemingly at least was greater than any achievements bear out. After all, the striking and valuable thing was not what he actually produced, but rather himself. His noble disinterestedness, his chivalric nature, his wide personal sympathy, his patient courage and lofty optimism—these gave fragrance and force to a life which in two countries at least is to-day a powerful inspiration. Toynbee's name is one to conjure with, and his example has called forth the saints of the industrial world, who are everywhere warring with city misery and wrong, and bringing in the brighter day of brotherhood and social reformation.

We may use Toynbee's own words in speaking of him and the bequest he has left us: "Oh! time, hast thou no memory? The bright pictures of glancing life are they gone with those dead ones who clasped hands and shouted? Or not without a smile dost thou remember them dreaming?" It is difficult to say exactly what Arnold Toynbee's place is to be among the teachers and leaders of this generation. We know that he was fast becoming a power in Oxford through his labors as tutor and lecturer at Balliol. He left only a few monographs and

manuscripts full of facts and social studies, laboriously gathered and carefully arranged. As a political economist he combined thorough study of the theory of his subject with gifts of imagination and sympathy, which enabled him to invest its doctrines with a vivid interest too generally lacking in their exposition. He was quick to seize upon salient facts, to observe the tragedies and comedies that make up so largely the staple of daily human life. Sharing in the modern philosophic spirit, he hesitated to break with the past, and with a scholar's instinct he gave himself to careful and extended research. He was, in fact, an authority on economic questions, because of his wide reading and familiarity with the great writers, from Adam Smith down. His role, however, was more that of a social reformer, and he made all his economic studies tributary to that. His lectures left an indelible impress on his auditors, while the unrestrained intercourse he held with chosen friends had about it a genuine tracery of lofty eloquence. Not all could rise to his indomitable idealism, yet all felt the spell of his passionate earnestness. To young England and the large circle of university men whom he met, he was a great inspiration. His life, his aims were a speaking rebuke to selfishness and the cynicism of those who despise the common crowd. He strengthened faith in individual goodness and in the possibilities of general progress; while at the same time he held high the standard of social duty amid the growing perplexities of our modern life. Toynbee Hall, which is his memorial, embodies his views and establishes the fact that they admitted of practical realization. The college settlement movement which has developed so rapidly and is so full of promise, may be reckoned as the outcome of Toynbee's life and teaching. This is really the highest tribute to the man; it shows that he has become a social force, and that is the best possible transformation of a life. Toynbee Hall has now become a great institution, with wide reaching educational and social influences. It maintains a great variety of evening classes; is the head center of a number of workmen's clubs, has created a spirit of real brotherhood amid those who hitherto have stood aloof from one another, and has brought the crowded population of East London into touch with the legendary life and culture of the old universities. It did not create much new machinery, but revitalized and made effective institutions

and agencies already existing in that section of London. It largely reconstituted the vestries, the Boards of Guardians, the committees on schools, and put new life into the system of local self-government, where careful instruction is given in political economy, while grave questions of social and industrial life are discussed in its lecture hall. In a word, Toynbee Hall stands for a new ideal of citizenship. The art of self-government it is seeking to develop. The Sanitary Aid Committee, with its headquarters at Toynbee Hall, has not only abated nuisances, but enforced greater vigilance both on the part of landlords and of the local authorities. The principle of personal service, personal knowledge and personal sympathy underlies the whole movement and is the inspiration of every endeavor. The West End has been, through Toynbee Hall, brought into friendly relations with the dwellers in the East End. Students and workingmen have met in cordial fellowship, and the result has been a deeper conviction of human brotherhood, and the acknowledgment of a common responsibility for the common good. Lecturers from Oxford and Cambridge have in Toynbee lecture hall met, face to face, men of every craft, and been plied with the keen questions that the hardships and hindrances in their lot suggested. The annual exhibition of pictures, held under the auspices of Toynbee Hall, has now become a unique affair in East London, and is attended by great crowds. The interest displayed by those who loan the paintings is itself an augury of kindlier feeling between classes hitherto widely separated, while the appreciative enjoyment of this exhibit has awakened surprise and a new respect for those who have seen so little of the works of great artists. Here, then, has been a great object lesson, an illustration of how to reach and lift to a higher level the life of the poorest and most neglected sections of our great cities. Toynbee Hall is the evolution of a mighty civic and social movement which is now seen to be practicable in every municipality. Its aim is to develop individual character through the education of civic spirit and through the wise direction of local energies. It stands as a protest against those social neglects which have resulted in our slums, in that despair and decadence which overtake the population unwholesomely crowded and inhumanly housed. It also is the pioneer of a permanent effort to enlist the educated and leisured classes in do-

ing for the less favored, and opportunity is by it afforded for the personal study of social problems, and for the expression of every social sympathy.

It was Toynbee's cherished hope that mere doctrinaires and those living too exclusively in a scholastic environment might come into sympathetic contact with the masses of toilers crowded in the "East Ends" of our cities, study on the spot the actual conditions of tenement life, seek by personal service to enoble it, and thus create a spirit of brotherhood which might efface the sense of class distinctions, class prejudices and class antagonisms. For all this Toynbee Hall stands to-day, and the renaissance of interest in and sympathy with the wage earning millions, and those who are at present below the life line, we owe in the main to Arnold Toynbee.

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## Negroes Under Northern Conditions.

BY GUY CARLETON LEE, A.M., LL.M.

IN THE study of the negro we have, as a rule, sought knowledge of the Southern type; the negro in the North has received little critical attention. Yet to judge most accurately of the capabilities of the colored man, as shown by his use of the one-third of a century of freedom, which has followed the three centuries of his slavery, we must consider his race in its Northern environment. To obtain the best results from such a consideration it is necessary to select a point of research offering both urban and rural conditions, where the prejudice against the negro was slight, if existent, at the time of his settlement, and where the present negro population is composed almost entirely of ex-slaves or their children.

It is believed that Carlisle, Pennsylvania, presents such a base of investigation.

The peculiar trough-like formation of the country in which Carlisle, a busy town surrounded by fertile farms, is placed, afforded for over a century an easy and unmistakable route for the Underground Railway. This organization furnished reasonably safe service, including meals and lodgings, to more than one-quarter of the total number of escaped slaves fortunate enough to reach a free State. This number, however, was but

a handful of the multitude of negroes pictured by romancers as fleeing from bondage. Prior to 1860, 175 to 200 slaves passed through Carlisle each year, in their Northward flight; few dared remain long, as the town was a favorite point of interception, although its citizens, as a rule, stood neutral in the struggle between the claims of the master and the resistance of the chattel. The early negro population was recruited from the "free negroes" of Pennsylvania. In 1864, however, the town added over 500 fugitive slaves to its permanent inhabitants, and this settlement of Virginia and North Carolina refugees furnished the base of the present colored population. Since 1865, the colored people have added steadily to their numbers, but their rate of increase is less than that of the whites. In 1895 the "free negro" has almost disappeared, and his successors are of the following stocks: 86.25 + per cent., Virginian; 5.55 + per cent., North Carolinian; 5.25 + per cent., from unknown sources; 3.95 + per cent., "free negro." During the last century the number of colored people has from a total of 117 in 1795 reached the maximum of 1,456 in 1895. Of this number 854 are females, 602 are males. We may sub-divide them into 31.25 + per cent. pure negro, 44.64 + per cent. mixed blood of indeterminate quantity, 19.75 + per cent. mulatto, 2.18 + per cent. quadroon, and 2.18 + per cent. octoroon.

The negro prefers to keep house rather than "to board." This is due to economic rather than sentimental reasons. His housekeeper, be she wife or leman, in seventy per cent. of the homes, provides roof and food for him. The negro of 1866-1876 had an ambition to own a home; he bought generally in the alleys and dwelt, as in the Southern States, at the back of the white man's property. As the alley locations filled up he was attracted by the cheapness of land in a certain section of the skirts of the town, and there bought lots. To-day these purchases have, through the growth of the city, trebled in value, and that, too, despite the active resistance to progress offered by the negro, and the depreciation that his bare possession brings to property. The appreciation of values has been much less in the negro quarter than in the white residential quarter. The home of the renter, as well as that of the owner, varies from the three-room cottage to the ten-room house; but not a negro in the town occupies a house fitted with

water closets, sewer connections or working gas fixtures; but one house is heated by a furnace; none by hot water or steam. The cost of these dwellings varies from \$300 to \$2,500; the majority cost less than \$500 each. The ordinary negro renter pays \$3 to \$5 per month for his house. The proportion of individuals to each dwelling is twenty-two per cent. greater than with the whites, and the number of rooms to each house is fifty-two per cent. less.

The furniture of the negro is neat and often of good style, and, in a number of cases, better than that owned by the majority of whites with equal incomes. The house, at least in the living rooms, is kept neatly and in order. In 100 homes visited, 87 + per cent. showed no shiftlessness or untidiness outside of the bedrooms, though in 72 cases the woman of the house was in constant daily service away from home, from 7.30 A. M. to 6.30 P. M. In thirteen per cent. the whole house was disorderly and dirty. In 37 houses musical instruments, usually organs, were found; in 41 the walls had pictures upon them, not one or two, but a goodly number, tastefully displayed; 92 homes had curtains; 90 were carpeted in the living room; in 14 books were to be seen in quantity; and in 23 the Bible had visible place.

The dress of the young colored woman is neat and often follows closely to the prevailing mode. On parade the young colored man dresses well, but in a rather loud fashion. The older people of both sexes, upon Sundays and holidays, wear substantial garments. The males, however, when not dressed in their best clothes, present, in the majority of cases, an untidy and dilapidated appearance. The women secure many second-hand garments, at little or nothing, from their employers, and owing to the large number of students in the town, the men are able to dress well and cheaply. The average annual cash expenditure for clothing and shoes in 37 widely differing cases was \$18.15.

The housekeeping is done upon a surprisingly limited scale; the average income or proportion of receipts to each member of the household rarely exceeds ninety cents per week. This forced economy is a most interesting subject of analysis. In the majority of homes but one heating stove is used; if this is not the cooking stove, then the latter seldom contains a fire

for more than two days of each week, for upon the other days the housekeeper avails herself, by pre-arrangement, of a neighbor's fire. The supply of fuel ordinarily needed may be estimated at two tons for winter, and half a ton for summer. This is eked out by such wood as may be gathered at no cost. One lamp is considered sufficient for the household, but in winter another is used during part of the evening. At the first symptoms of sickness the negro seeks medical advice; if poor, he calls upon the charity physician; if the owner of real estate, he is obliged to call a doctor whom he must pay at the time of the visit. He pays the dentist when a tooth is drawn, but he spends no money for filling teeth. The staple food of the negro is bread and molasses. A comparison of the food lists of thirty-seven families, earning an average of \$21.05 per month, shows 495 of the 1,009 meals consumed during one week, to consist of bread and molasses, without coffee, tea, milk or other addition; 215 consisted of bread and molasses and coffee, with milk and sugar in 171 cases. Fresh pork is almost the sole meat used, few vegetables are eaten, and eggs and butter still more seldom than vegetables. If the woman of the family is at service, the quality and quantity of the food is changed. The negro servant regards the need of her family as paramount to all other considerations. No provisions arriving at the place of her employment fail to pay her toll, and baskets, bundles and dress fronts alike furnish her with means of conveying food home.

I have traced the occupations of 577 of the 602 male negroes; 93 are at school, 99 are under school age. Of the balance, 410, one is a lime burner, with an income of about \$1,500; two are contractors with incomes of \$500-\$600; one conducts a laundry business that has net him about \$500 per year. These men employ both white and colored hands. Five small stores are run by colored men and return a profit varying from \$75 to \$250 per year; eight barbers earn a like amount; five cobblers and repairers have incomes not exceeding \$100 annually; 15 teamsters, owning or hiring teams, earn from \$1.50 to \$2.25 per day during six months of the year. Thus 37 men may be said to be in business for their own account. Four clergymen earn from \$200 to \$825; four men are connected with church work besides the pastors, but do not receive an annual return exceed-

ing \$37.50 each; three men earn from \$48 to \$56 per year in manual labor connected with churches; 40 men earn from \$20 to \$30 per month as janitors, hostlers, drivers, waiters and men of all work; 48 are employed during five months of the year on neighboring farms as farm hands and fence makers, at 75 cents to \$1.50 per day, and in quarries at \$1 to \$2.50 per day. The average wage of these rural laborers is less than \$1.05 per day. By counting 12 months' labor for these 48 men, every working colored man, not otherwise classed, will be included in estimate. The skilled laborers include four carpenters earning \$1.50 per day; 10 masons and bricklayers earning \$2 to \$2.25; six hod carriers at \$1.25. The amount of yearly earnings of skilled laborers depends upon the general activity in their respective lines.

One hundred and fifty-six males are then to be classed as workers. Deducting this number from 410, the total male population at school age and over, and not at school, and we find that we have 254 dependent males; of these 172, or a total of 67 + per cent. of the idle negroes are known to belong to the class of habitual criminals. The dependent male, when out of correctional institutions, receives five per cent. of his support from the direct charity of the whites; 95 per cent. is furnished by the colored female; 70 + per cent. of the colored females, exclusive of school children and children under school age, are in service; 20 + per cent. do washing at their homes; 7.5 + per cent. have no other employment than their own housework. 2.50 + per cent. do not work. A negro woman will only serve in a negro family when hard pressed for money, and then for a few days only. The women earn from \$1.50 to \$2.50, with an average of \$2, per week; some cooks (5) earn from \$3 to \$4.50. Of the 113 colored freeholders, 65 are worth less than \$300, 27 are rated between \$500 and \$700, seven between \$750 and \$1,000, five between \$1,000 and \$1,500, six between \$2,000 and \$2,500, one at \$5,000, one at \$10,000 and one between \$30,000 and \$40,000. During the last 15 years, with the exception of five men, few negroes have bought real property, and in many cases the property owned to-day may be traced to the money brought from the South, and its increase from interest or from the rise in value of the lot in which it was invested.

The apologists of the negro race have done it much harm

by shrinking from reviewing the moral nature of the individuals composing it, or if prevailed upon, so that they touch on the subject, they have glossed it over with a varnish of assorted examples of piety. The intelligent colored man does not desire this method of treatment; he is willing that the whole truth should be told. The social evil of the negro should be clearly seen and fully understood, that the cure may be radical. The negro's proneness to social sin has been excused, his moral depravity and lust have been sanctioned, where he did not seek white victims, and to-day his illicit cohabitation is regarded as a race incident. Of the 1,456 negroes in Carlisle, but 31.25 + per cent. are of unmixed negro blood. This statement at once raises the question of the legitimacy of the 68.75 + per cent., but though the bar sinister runs across the large proportion of them, we cannot assume that 68.75 per cent. are born out of wedlock, any more than we could postulate the legitimacy of the 31.25 + per cent. We learn from the official registers that during the past year 362 marriages (white and colored), were celebrated in the county, and 144 in Carlisle. As the colored people constitute 15 + per cent. of the population we should, from their nature, expect them to furnish more than 15 + per cent. of the marriages. We find that they actually furnish less than 5.25 + per cent., and of this percentage, 24 + per cent. are stated to have been forced upon the bridegroom. Upon the Register of Births, we note that of 30 colored births 20 + per cent. may, from the record, be regarded as illegitimate; and investigation indicates 20 + per cent. additional should be added; or a total of 40 + per cent. of registered colored births. The registered births do not indicate the result of the social evil; the negro woman in 1895 is an expert in foeticide and infanticide.

Solicitation by colored street walkers is confined to men of their own color, but the negro "office worker" preys upon the white man. The negroes maintain six assignation houses, to which negroes resort, and one that only admits white men; but while in the six only colored women are sent for, here both white and colored make calls, upon notice. Three houses exist where meetings may be arranged before entering the house. The total number of bawdy houses is sufficient to provide one for every 145 + of the colored population, counting babies, children and old people. The home from which the parents

are all day gone offers opportunities for clandestine meetings, and such homes furnish a clue to 90 per cent. of the vice existing among the young people, and gives ground for this statement of a colored clergyman: "Our women work, they must work; behind in the home the daughter must remain; she is tempted by her playmates; children are in most cases ruined by children of an age similar to their own. If our girls have not the constant care of their mother, or are not put to service at ten or eleven years of age in a respectable white family, who will strictly watch them, nine out of ten are ruined." Another colored minister says: "God help us; three-quarters of our women are not virtuous, and the evil increases." The young colored people of the town, for obvious reasons, do not marry.

There are seven cases of legal miscegenation here. Four colored men have married white wives, three negro women have white husbands; the reason given by the negro in these marriages is distrust of the virtue of his race. These mixed families occupy a peculiar position; both white and black look upon them with disfavor. They are, however, reasonably happy and prosperous. Several cases of illegal connections between the races exist. The social evil is not confined to the young; it extends to every age and condition, and its blackness brings out all the more prominently the pure lives of the colored Christian workers who labor diligently for the welfare of their race.

We have placed the number of idle negroes at 254, and stated that 67 per cent. of them are criminals; let us examine the criminal records for proof. In the following table we will embody the result of this search, but will not include unarrested persons, known to be guilty of fornication or lewd and lascivious cohabitation. If such were included, we would claim 98 per cent as criminal:

## ONE YEAR'S RECORD.

*Arrests Disposed of in Police or Borough Courts.*

Cause of Conviction.	Negro.	White.	Normal negro per cent.	Actual negro per cent.	Excess of actual over normal per cent.
Fighting.....	8	3	15+	72.72+	57.72+
Disturbance, including drunk and disorderly.....	51	25	15+	67.10+	52.10+
Gambling.....	5	1	15+	83.33+	68.33+
Other offenses.....	15	7	15+	68.18+	53.18+
Justice Court cases, including city loafers and tramps, disposed of by police.....	92	176	15+	30.59+	15.59+
In higher courts.....	24	78	15+	23.52+	8.52+
Totals.....	195	290	15+	57.57+	42.57+

Deducting 23 arrests on account of persons arrested more than once, and we find 172 convicted criminals, or 67 + per cent. of total number of idle colored men.

The Church system comprises two Methodist, two Baptist and one Church of God congregations. The first church established by the negroes in Carlisle, about the last of the eighteenth century, still exists in vigorous life; this African Methodist Episcopal Church, as it is now called, has 168 church members and 175 in its Sunday-school. It occupies a substantial church, which, together with the parsonage, is valued at \$7,000, clear of debt. The building is lighted by electricity, heated by hot air, has a good organ, salaried organist, and is taken care of by a paid sexton. The pastor received \$815 last year. The leading colored Church is the African Methodist Episcopal Zion Church, established 1849. Its membership is 180; it has a Sunday-school enrollment of 150; it owns a commodious stone church, lighted by gas, heated by furnace; employs salaried organist and paid janitor; its property, including parsonage, is valued at \$6,500, clear of debt. Its pastor, a man of executive ability, received \$825 last year. The Baptist Churches, with 52 and 25 members respectively, occupy neat chapels, valued at about \$1,100, each. One pays its pastor, an

intelligent man, \$250 per year, the other pays no salary. The Church of God claims but seven members; it has no church, but owns a lot valued at \$175; its pastor receives no salary.

A peculiarity of the colored congregations is the equality of the contributions. Each member strives to do his share, or I should say her share, as the women are the support of the church. In one church the contributions for six years have averaged 12 + per cent. of the income of its members. The contributions of either of the two Methodist churches surpass the contributions of any of two-thirds of the white congregations in the town. In addition to the church organizations, and yet within them, are many clubs and societies, for the advancement of religious and social interests; besides these bodies, lodges of Masons, Odd Fellows, Daughters of Temperance, and kindred orders, flourish. Many negroes are insured in an industrial insurance concern that pays a small death benefit and a weekly sick benefit. It has dealt very fairly with its patrons.

The colored school system is a part of the general educational plan, distinct from the white schools in the matter of color, and in that only. The first colored school was established in 1836. In 1864 another school was added. In 1878 the Colored High School was organized. In 1882 and 1892 additional schools were put in operation. These five colored schools occupy two commodious and conveniently located buildings; these buildings are as desirable and as well fitted as those assigned to white pupils. The teachers are white—males in the higher, females in the lower grades; these teachers are as well qualified pass the same examinations and receive the same salary, grade for grade, as teachers of white scholars. The colored system was complete in 1879, but not till 1882 did any candidates offer themselves for graduation. In the examination of that year one female received 95.22 per cent. and second place, one male 88.84 per cent. and tenth place in a mixed class of 13, whose leader averaged 95.82 per cent. In 1883, no colored graduates. In 1884, three females stood eight, nine and ten in a class of eleven girls, and one male stood at the foot with 80 $\frac{1}{2}$  per cent., in a class of white boys, whose lowest average was 91 11-20 per cent., and the highest 97 $\frac{1}{4}$  per cent. In 1885, no colored graduates. In 1886, 5 candidates presented

themselves, 3 just managed to pass, 2 were rejected. In 1887, no colored graduates. In 1888, 10 graduates, of whom 6 were within 1 per cent. of failure. In 1889, 1890, 1892, 1893, no colored graduates. It is necessary to note that prior to 1891 no colored pupil was able to graduate without an extra year of high school work.

#### CLASS OF 1891.

Twenty-seven members, white and colored; white all took regular course, including 3 years in High School. Colored took 5 years in high School, or 2 years of extra work. Highest average of white graduate, 99.82 per cent; lowest, 80.59 per cent.; 21 white pupils had higher averages than 84.50 per cent.

#### *Colored Record.*

Pupil.	Arithmetic.	Algebra.	Geometry.	Grammar.	Natl. Phil.	Physiology.	Total year.	Total per cent.
A.	50	60	40	80	100	81	98.40	83.45
B.	60	70	10	75	93	70	96.30	79.65
C.	50	70	10	75	78	80	98.60	79.55

As 80 per cent. was required for a pass, B and C were rejected; A stood 22.

#### CLASS OF 1894.

Twenty-two members, 18 white and 4 colored; X and Y, females had taken two extra years of work; W, female, usual course; Z, male, two extra years; W stood 9, X 14, Y 18, and Z 19, in the class of 22.

#### *Record.*

Pupil.	Arithmetic.	Algebra.	Geometry.	Grammar.	Natl. Phil.	Physiology.	Yearly per cent.	Total per cent.
X.	92	94	85	86	98	80	98.82	93.99
Y.	95	100	86	85	99	88	98.53	95.51
Z.	94	100	84	81	99	88	97.65	94.32
W.	95	100	90	88	99	96	99.12	96.82

This is the record of the High School since its inception. It and the lower schools have diffused much useful knowledge, but the efforts of the system have not resulted in more than a partial success. Many causes have worked against it. We must leave the question of reasons and results for another paper. We will say, however, that there is lack of parental co-operation; the pupil finds at home encouragement to resist the authority of the teacher. The inability of the parent to assist the scholar in the preparation of assigned lessons militates against the negro. The records of the School Board and the teachers of the colored schools tell of assaults upon teachers, vile and profane language of the children in streets and halls, indecent gestures and lewd handling of each others persons by opposite sexes, of female pupils detected in compromising situations with men from the street.

The total white enrollment is 1149, colored 236, the colored scholars thus furnishing 16 + per cent. of the total registration. The total tax levy for one year was \$12,602.20. Estimated by enrollment, the amount to be paid by the negro should be \$2,016, but his actual assessment was \$507.21, and this was apportioned among 323 taxpayers. Of these, 162, one more than half, evade all payment, and the actual amount paid by colored men toward the support of the school was \$342.22, less than 20-100 of one per cent., and less than the lowest salary paid to a single teacher in their schools. Expenditures are based on attendance, if receipts are not. Of \$60,000 invested in school buildings the colored pupils have the use of 15 + per cent. of school books and supplies, 17 + per cent., fund for teachers' salaries; 19 + per cent., sundries and incidentals; 18 + per cent., or a total average of 1.25 + per cent. more than by attendance the colored schools are entitled to, and more than 70 times what their contribution to the school tax levy would seem to warrant.

In nine cases out of ten advanced education is a positive detriment to the negro, and it will be, not only as long as the educated colored man feels too proud to work at manual labor, but as long as the present race discrimination exists and the negro fails to accept his isolation; as long as practically all professional employment, save the ministry, and some few positions as teachers, are closed to him. He can not find employment

as a clerk, or shop hand—to him only manual occupations are open. The discrimination, in this town, becomes more and more rigid. Not only are the avenues to the higher forms of labor closed, but he is not wanted by white churches as a member; if he goes to them as a worshipper he finds himself assigned to the back seats of the meeting-house. In the court-room he is restricted to certain seats, and this by the ruling of a Republican judge; he cannot obtain entertainment at leading hotels, nor be shaved in barber shops patronized by whites, and these instances are but a few of the many.

The white population of Carlisle respects the older negroes, for they, as a rule, are polite, hardworking citizens, but it is weary of the younger generation. Eighty per cent. of negroes born since 1865 are worthless, insolent loafers, immoral, criminal, a sorrow to their parents and a curse to the community.

These, then, are the main facts which a study of the negro in one Northern town furnishes. The mass of statistics which I have gathered in other cities but accentuates the present presentation. I have not attempted to draw conclusions; that will be a future paper.

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In considering the facts presented by Mr. Lee, it should be remembered that the negroes were segregated from the white population in a strange environment, where the social ostracism was even more repressing than in their native state. As he tells us, they were excluded from every skilled occupation, and almost every profession, as well as from the hotels and practically from the churches. This freezing social process naturally tended to force the negroes to derive all their inspiration and habits of living from their own people, which could hardly be other than depressing. Hence, it is not surprising that a considerable portion of the negroes, born under those conditions, should be on the ragged edge of manners, morality and thrift. If Mr. Lee's investigations prove anything, it is that the negroes cannot be helped by colonizing them in Northern cities, but, on the contrary, that their progress and improvement must be sought by the interjection of Northern enterprise and Northern economic methods of industry into the Southern States. By this means take to the negro, and for that matter, the poor whites, the influences and incen-

tives of order, discipline, thrift and energy in his own environment.

It is true of the negro as it is of all large bodies of poor and ignorant people, that they can be improved far easier and with less misfits by taking civilization to them through their methods of industry and life than by any attempt to take them to a new civilization, where they will be sure to be ostracised and segregated into a local colony, with the effect of stereotyping their inferiority, making the chasm wider between them and the white population, instead of in any way assimilating them.

The most objectionable feature of Mr. Lee's article, however, is its unfair interpretation of his own facts. He speaks of the negroes' social immoralities as if they were peculiar to race and charges the illegitimacy, shown by the large per cent. of mulattoes, exclusively to colored women. It is a well-known fact that this class of negro immoralities are largely traceable to the greater immorality of the whites who have had the right to coerce them; and if we are to suppose the white people to be superior, their immorality is much the viler of the two. To thus attribute all the sins jointly committed with the whites, solely to the blacks, whose social opportunities have been the smallest and against whom race prejudice is the greatest, seems to be the essence of unfairness, and tends to deprive Mr. Lee's article of the spirit of the true investigator, and will prevent his work from having the influence it might otherwise possess.—  
[EDITOR].

### Editorial Crucible.

THE PROMPTNESS with which Congress passed the new tariff bill is highly creditable, and shows what efficient leadership can do in legislation. While it is a hastily drawn emergency measure, it accomplishes its purpose of furnishing revenue consistently with the policy of protection; and clearly shows that the hand of statesmanship is at the helm in the House.

THE ADAGE that there is no ill without some good, appears to be true even in Mr. Cleveland's last blunder. He has been the idol of the American tories and their "consecrated" leader in the war upon American industries and prosperity. In serving them, he has lost the confidence of the people, and in his last great plunge to regain public confidence by playing patriotism, he has set his "sacred" heel upon the necks of the tories and made the mugwumps his enemies. For this, the nation should ever be thankful. The alienation of the tories may atone for many shortcomings, and may still enable the people to remember him, if only for the enemies he has made.

THE AMENDMENT of the Dingley bond bill, insuring that the greenbacks shall not be retired, clearly shows that the country has little to expect from this Congress in the direction of efficient financial legislation. This clinging to the greenback in the face of recent experience shows that the Republican party is still in need of an educational campaign. Government fiduciary money is the implement of war and revolution. Bank currency with prompt coin redemption is the instrument of commerce, peace and prosperity. The greenback served an excellent purpose during the Civil War, but it has long since outlived its usefulness, and has become an instrument of injury to the nation. Failures to recognize the difference between instruments of war and instruments of commerce, to say the least, show defective statesmanship.

*The Journal of Commerce* of December 26, had an extended editorial tending to show that there is a big real estate deal behind the Venezuelan curtain. A certain company, mainly composed of citizens of the United States, known as the "Manoa

Company," in 1883 received from the Government of Venezuela a land grant of about 15,000,000 acres which lies in the disputed territory. *The Journal of Commerce* also plainly intimates that the head of this company is in somewhat confidential communication with the State department. It further intimates that the president of this land company has indirectly been asked by President Cleveland to accompany the boundary commissioners in their excursion to Venezuela and British Guiana. It is to be hoped none of this is true. Everybody would rather know that the Venezuelan message was inspired by a third term ambition than to be convinced that it even had a remote relation to a South American land speculation.

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AT ITS RECENT congress in New York City, the American Federation of Labor did itself great credit in re-electing Mr. Samuel Gompers as president. Mr. Gompers has served in that capacity from the organization of the Federation until last year. The opposition which had been created against him was mainly of a socialistic character. Mr. Gompers had always stood for the idea that trade unions are economic organizations, whose specific object was to struggle for the improvement of wage-earning conditions, and not for the abolition of the wages system and a visionary millenium.

In resisting the inroads of socialism upon the Federation, Mr. Gompers incurred the enmity of the socialists, who accomplished his defeat in 1894. However, this did not change Mr. Gompers' attitude on the question; and when the same subject presented itself at the recent congress, to his courage and credit be it said, Mr. Gompers spoke definitely and vigorously against permitting socialism to get possession of the organization. What is more significant, his speech upon this point was made immediately before the vote was taken which resulted in his election.

In the election of Mr. Gompers as president for 1896, therefore, the Federation of Labor showed that it is not a socialistic organization. It shows that the trade union movement in this country as distinguished from the socialist movement and the Knights of Labor is a strictly industrial movement, properly in line with the economic and commercial development of modern industrial institutions. In short, that it is the only

labor organization whose objects and character are really consistent with the spirit and growth of democratic institutions.

IT HAS LONG been a complaint among workingmen that they get no advantage from protection. The secret of this somewhat growing impression is to be found in the indifferent or antagonistic attitude of protectionists towards labor interests.

We have a recent illustration of this in a monograph just published by S. N. D. North, secretary of the National Association of Wool Manufacturers. The object of this monograph is to show that factory legislation is a mistake; that it is unconstitutional, essentially paternal and contrary to public policy. Mr. North says (page 69):

"Reduced hours of labor in isolated states do not appreciably affect the volume of production in the country at large. They simply operate to reduce the wages of workmen in the states thus handicapped. But the uniform application of a national labor law, be it a ten, nine or eight-hour law, would reduce by one-tenth, one-ninth or one-eighth the productive power of labor and machinery, and thus would materially affect the volume of production."

This is almost an exact repetition of the arguments presented before the English Parliament fifty years ago by the English free traders, and repeated twenty years ago in Massachusetts by Edward Atkinson and others, and is wholly erroneous.

The statement that "reduced hours of labor in isolated states simply operate to reduce the wages in the states thus handicapped," is contrary to the experience of Massachusetts, as demonstrated by a special investigation of her own labor bureau (see report 1881, pages 323 to 475). And the further assumption that "the uniform application of a national labor law, be it ten, nine or eight hours, would reduce by one-eighth the productive power of labor and machinery," is also contradicted by experience. England made the ten-hour law uniform, and the result was just the opposite of that indicated by Mr. North; it did not diminish the product but increased it. Workingmen know these facts through experience, and when they find intellectual protectionists ignoring them and resorting to *laissez faire* reasoning for the purpose of opposing what experience had demonstrated to be the most economic and

wholesome kind of legislation, it is little wonder that they become skeptical of the industrial friendship of protectionists.

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AT A RECENT conference held in Washington to consider the Lubin proposition for an export duty on agricultural staples, the advocates of the proposition substantially rested their case on the assumption (1) that agricultural prices in this country are determined by competition with the cheap labor of the world in the free trade market, and (2) that the price of manufactured articles at home is increased by the full amount of the duty on imports, all of which has to be paid by the farmers.

Could anything more conclusively demonstrate the necessity for an educational campaign on the economics of protection and industrial legislation? The daily market reports show that there is no such thing as a general world price for agricultural products, except at the point or in the particular market where the world products meet. It is true that there is a general price for the same products in the same market, from wheresoever they may come, but it is not true that the prices of products are the same in a foreign market as in the country where they are produced. Nor is it true that this so-called free-trade price is lower or as low as the home price. The price is always higher in the foreign market than in the home; in the case of wheat it is from 15 to 20 cents a bushel higher. It is solely because the foreign price is as high or higher than the home price that the producers of any wares export. Thus, domestic producers get for things exported the home price plus the cost of transportation.

The second proposition that the duty on imported wares is added to the price of both imported and domestic products, is so obviously contrary to the facts, that it is not entitled to serious consideration. One thing is manifestly true, however, regarding these bounty advocates; they are intensely in earnest; they mean all they say, and they honestly advocate it in the name of protection. This movement is one of the penalties for having treated protection too much as a political instrument and too little an economic principle.

### Economics in the Magazines.

**COIN AND PAPER MONEY.** Napoleon Bonaparte. By John Davis, in *The Arena* for December.

Mr. Davis cites Napoleon's correspondence, orders and those of his generals to show that he fought all his wars on the specie basis, stealing his coin from the countries he conquered, until his final campaign against Russia, which he attempted to carry on on forged paper rubles of the Russian pattern. When he could no longer collect coin out of the nations he plundered, his armies collapsed for want of an elastic system of paper money like the English. England, on the other hand, carried on twenty years of war on the suspended (but nearly par) paper notes of the Bank of England and guaranteed the paper money of Russia and Prussia. It was therefore, Mr. Davis holds, a contest between the coin of Europe, seized by force by Napoleon, and the paper money of England, managed with ability by Pitt and all ultimately redeemed.

**FOREIGN INTERVENTION.** M. W. Hazeltine's article on Venezuela, under *Work of the Next Congress*, in *North American Review* for December.

Mr. Hazeltine holds that in order that the occupation by Dutch settlers of territory between the Orinoco and the Essequibo should give rise to title by prescription first in Holland, and later in England, it is necessary that Spain, or her successor, Venezuela, should have waived her claim. Not at all. Mr. Hazeltine's error is clear, sharp and well defined. The advantage obtained by discovery is a mere right to occupy. If the discovering country never occupies, and suffers another country to continuously occupy, as the Dutch, more or less, continuously occupied from Barima point on the Orinoco to the Essequibo rivers, no other waiver from Spain or Venezuela is necessary than the actual sufferance of this actual occupation from 1598 to 1895 without any successful or permanent dislodging of them from occupancy and without any concurrent or counter-occupancy of their own. This is what occurred in British Guiana. The Dutch occupied the disputed territory and the Spanish rested on their assumption that the right to occupy, obtained by discovery, is itself a title which renders occupancy by

others wrongful. In this respect the Venezuelan case bears no resemblance to our Northwestern boundary claim to the line of  $54^{\circ} 40''$  north. In the latter case there was a joint occupancy by citizens of both nations on both sides of the line, under a pre-arranged stipulation, that occupant rights should be respected, but should be subject to the ultimate decision on the question of national jurisdiction. If the Venezuelan boundary question should be submitted to the votes of the people actually residing within the disputed territory, every Venezuelan well knows that there would be about 40,000 votes cast for British jurisdiction and probably a vote not to exceed a dozen for Venezuelan supremacy. Within the Schomburgk line, to which Lord Salisbury declines to arbitrate, it is not to be expected that any votes whatever would be cast for Venezuela. Mr. Hazeltine seems also to err in declaring that no American imagines the Monroe Doctrine to be any part of international law. On the contrary, it is of no value except as it is an application of well defined and universally admitted principles of international law to the state of facts existing in 1823 on the American continent.

Vattel and every other writer had laid down as a clear doctrine of international law that only lands occupied by savage tribes are open to discovery and settlement, and that vacant lands within a country having well defined boundaries, which are asserted and defended by a recognized state or government, are not open to discovery or settlement in a manner to give the settlers the power to carry their nationality and flag with them. They simply become subjects of the government upon whose unoccupied lands they settle.

It had also been a settled principle of international law that insurrectionary States which succeeded in maintaining their independence of the mother State, until all armed attempts of the mother State to subdue them had ceased, and until many or most other countries had recognized their independence and opened diplomatic relations with them as independent nations, and made treaties with them, are no longer the rightful subjects of foreign plots or alliances for the overthrow of their forms of government, and where the form of government is republican, any other republic may take upon itself to see that they are not overthrown by foreign force. Of course it would go without saying that where the form of government

was monarchical every other monarchy could defend it, as Russia defended Austria in 1848. So much of the Monroe Doctrine had been international law for centuries, and European governments have applied it in behalf of monarchical systems of government as often as republics have ever sought to apply it in favor of democracies. All that Monroe did was to declare that as the republics to the south were situated in 1823, both these doctrines of law applied to all the South American republics, and that the United States would regard any attempt to deprive any of these Republics of the full benefit of these principles of law as an act of hostility to itself—*i.e.*, Monroe affirmed that their lands, though unoccupied, were no longer open to discovery and colonization so as to transfer the sovereignty in them, and that their political institutions were no longer open to rectification by European powers. It is like saying that a young man is of age; the statement is indeed the assertion that he has lived twenty-one years, and so far it states a fact, but this fact depends for its significance upon a whole mass of law defining the distinction between the legal rights of infants and of adults. Only as it implies all this body of legal doctrine has it any importance whatever. Americans give away too much of the merit of the Monroe Doctrine, therefore when they falsely concede that it is not anchored deep in the principles of international law, as deeply, to say the least, as the doctrines of the integrity of sovereign states, of the balance of power, or the rights of neutrality.

GREENBACKS AND SILVER. *Conditions for American Commercial and Financial Supremacy.* By P. Leroy Beaulieu, in *The Forum* for December.

THE professor holds that a government fiat currency cannot, like a bank currency, be made redeemable by the exchanges of which it is the medium, and that it is, therefore, radically unsound in theory, a doctrine wherein he agrees fully with THE SOCIAL ECONOMIST. To issue such a currency divorces the banks permanently from the duty of redeeming in coin, and, hence, devolves on the government the necessity of furnishing the gold for discharging an adverse balance of trade at the same time that it so dilutes the government revenues with paper that it can get no gold except by borrowing. In order to retire

the greenbacks Professor Beaulieu holds that we must either "create a public bank, on the model of the Bank of England and the Bank of France, or resort to a syndicate of banks complying with certain conditions."

Professor Beaulieu holds that European capital will only be forthcoming on American securities for the exploitation of our abundant resources when we discard bimetallism and adopt the single gold standard. The truth of this proposition depends upon the relative abundance and cheapness at which the two metals shall be produced during the coming decade. He quotes an "able English banker" as of the opinion that the Transvaal alone would produce in 20 years \$5,000,000,000 of gold, or say one-sixth as much as the whole estimated stock extant. A production of this quantity would greatly lower the cost of production per ounce, and if we suppose it so lowered that only five ounces of silver should be produced to one of gold, instead of twenty-eight to one, as now, the conditions of production would reverse the relative dearness of the two metals as compared with their normal ratio.

**MONROE DOCTRINE.** By A. C. Cassatt, in *The Forum* for December.

The writer argues that the Monroe Doctrine was simply a declaration that all the lands comprising the two American Continents must now be regarded as the property of the respective American nations within whose boundaries they lie, whether actually occupied by resident populations or not. This means that the acquisition of new titles to unoccupied portions of them are precluded by international law as completely as would be any acquisition of territorial sovereignty by settling on the waste dunes of Scotland or on the unoccupied marshes of the Roman Campagna. Also that efforts of the Holy alliance of European powers to displace republican by monarchical institutions on this continent would be deemed hostile to the United States. He does not think it relates to a boundary question between a foreign power which then had territorial possessions here and the adjoining American republic, as in the case of British Guiana and Venezuela.

NICARAGUA CANAL. *An Interoceanic Canal in the Light of Precedent.* By Theodore S. Woolsey, in *The Yale Review* for November.

Professor Woolsey argues that an interoceanic canal must of necessity give no exceptional commercial advantage to the ships or cargoes of either the nation whose citizens build it or the nation through whose territory it is built, and that during war it must give no privileges to either belligerent which are not accorded to every other, and that its neutrality, to be efficient, must be guaranteed by a treaty compact between all the leading powers, and cannot be efficiently guaranteed by one power. The precedents by which these doctrines are illustrated are drawn chiefly from the cases of Suez and Panama, and the Clayton Bulwer treaty; and the inference to which they point seems to be the supposed need of ampler treaty provisions in the case of the Nicaragua Canal, if it is to be either impartial in its commercial influence, neutral during war, or the proper subject of international guaranty of protection. At present it is supposed to be proceeding under a concession to American citizens from the Government of Nicaragua without certain or all the adjuncts which Professor Woolsey deems essential.

POWER TO LEGISLATE. *Thomas Brackett Reed and the Fifty-first Congress.* By Theodore Roosevelt, in *The Forum* for December.

Incidentally complimenting Mr. Reed's personal powers, Mr. Roosevelt shows that prior to the adoption of Reed's rules representative government stood paralyzed by the perfection to which the power of minorities to obstruct had been developed. Dilatory motions and constructive absence were the two minority fictions which had been nursed as defenses of legislative liberty, until the liberty of the majority to legislate was itself at the mercy of a minority willing to occupy time by dilatory motions and to demand to be considered as constructively absent for the purposes of a quorum, when they were, in fact, present for the purposes of debate and obstruction.

Mr. Reed effected a restoration of parliamentary government to first principles, which Mr. Roosevelt regards a higher service to mankind than the passage of any particular law, since in effect it amounts to an important rectification of the very

machinery by which laws are passed, thus supplying popular government with an efficient mechanism in place of one that had broken down.

SOCIALISTIC CONTROL OF CORPORATE WEALTH. *Should the Government Own the Telegraph?* By Prof. Richard T. Ely, in *The Arena* for December.

Professor Ely holds that the duty of the government to own the telegraphs is axiomatic—too plain for proof. He deigns, however, to say that because the post-office was put in charge of the government by the founders of the republic, the best thought of men like them would do the same to-day with the telegraph if it could now be brought to bear. There is a difference in the fact that the post-office does not perform the work of transmitting its messages itself, but only sorts the letters and makes contracts with private parties and corporations to have them carried in assorted packages. The post-office therefore is not the capitalistic owner of any of the transportation appliances which its various contracts call into action, but only of the make-up and the massing into favorable packages of the materials to be transported—a service which involves no investment of capital whatever, except in a score or so of the larger cities, and there only in a building for accommodating the clerical force which is to sort the letters.

The government therefore owns none of the capital and employs none of the labor involved in the service for which it charges postage, but it contracts with railways, steamers and owners of stage lines and horses, and also with city express companies and foot carriers, to have the whole service performed at stipulated rates per mile, per ton, per letter or per year, as the case may require. The actual performance of the service requires a capital in railways alone of \$10,000,000,000, and in steamers, ships, express companies, horses and stock, of probably another billion.

In the case of telegraph companies, however, what Mr. Ely means by the government controlling the telegraph is not that it should take charge merely of the clerical work connected with sorting the messages for transmission over the privately owned lines of the telegraph companies, but that it should itself become the sole capitalistic owner of an enterprise whose capital value

is now about one hundred millions of dollars. It is first to raise this sum by taxation and pay for the telegraph lines, and then it is to raise by further taxation whatever deficit of revenue to meet expenses will subsequently arise. To assume without argument that a capitalistic speculation of this kind is on all fours with what it has done in the case of the post-office when, in fact, the two transactions sustain no more resemblance to each other than finance and duck-hunting, is one of those lively vaults of the fancy which passes in the order of minds of which Professor Ely is a type for axiomatic truth. Such discriminators never find out the difference between sober sense and the wildest nonsense.

SOCIALIST LIGHTING OF CITIES. *The People's Lamps.* By Prof. Frank Parsons, in *The Arena* for December.

Municipal control of electric lighting may succeed well or ill, in its economy in the way of safety to human life, reduction of cost to the consumers of light, or purity or the reverse, in municipal politics. The conflict of statement on these lines is a little puzzling to those who cannot afford to make a specialty of universal knowledge; and we confess we are among that number. One feature, however, is clear. The class of complaining rhetoricians, who always see a forward social movement in every change which seems to contain a promise of transferring power from capital over to votes, are greatly interested in it. What will become of rents, profits, interest, trade, commerce or agriculture when the power to adjust them is taken out of the hands of men who have paid for land or other capital by years of effort in production, and transferred to the class of men who only know how to manage primaries and stack votes in blocks, as a banker stacks his paper money for lending, might seem to slow minds to be problematical. So what will become of all industries when the capital that runs them is owned by society at large, and the only wealth or means of managing them consists in voting power, might "give us pause." But the demagogue socialist whose only capital is the willingness to do the steering for society with out paying any penalty for steering unwisely, knows that in so far as the power of capital is sent to the rear and the art of demagogery is brought to the front, he can lose nothing and may possibly gain, if not positively, at least relatively.

### Book Reviews.

**SLAV AND MOSLEM.** By J. Milliken Napier Brodhead. Aiken Publishing Co., Aiken, S. C.

This is a thoroughly interesting though sketchy outline of the case between Russia and Turkey. It regards the Crimean war and the Berlin Conference as vast blunders on the part of England, of which the Bulgarian massacres of a few years ago and the present massacres in Armenia are the natural fruit. Had England let Russia alone, the Turks would have been driven back to the east of the Caspian and the Caucasus, Armenia would have been a Christian power of some strength and promise, and a revived Greek, Armenian and Slavic Christian empire would have had its capital at Constantinople, which would have had enough to do in enjoying its own heritage without undertaking the further conquest of India or China. The author holds very positively that Russian influence in the East is as progressive as Asiatic populations will bear, while English influence is retrogressive and reactionary in sustaining in power a Turkish government which is the worst on earth.

The book is interesting, also, as emanating from a Southern author, and being printed by a Southern house. Southern works on general topics are still rare enough to excite a curious attention, not unlike that which would be felt for a watch factory in Wyoming or a gold mine in New Jersey. It is to be hoped that the rarity of Southern literary efforts will wane. Nothing would conduce so rapidly to this end as the frequent appearance from Southern presses of works on Southern industrial and economic conditions.

**A HISTORY OF THE UNITED STATES FOR SCHOOLS.** By John Fiske. Houghton, Mifflin & Co.

This is probably as concise, pleasing, picturesque and attractive a school history as could be desired. We have not had time to examine as to its accuracy, but we note certain slips in matters of fact as follows: On page 456 it speaks of the McKinley tariff as "abolishing the duties on tea, coffee, sugar, molasses and hides." This is three-fourths error. The duties on tea had been abolished before 1882 (see Senate's tariff compilation for 1884, page 285); the same is true of those on coffee (*id.*,

page 239); the duty on hides was abolished in 1872, in the general scaling of the whole tariff by 10 per cent. Only the duties on crude sugar were removed by the McKinley act. Also on page 460, Mr. Fiske recites the depreciation of silver, and then says: "A financial depression attributed chiefly to the above causes began early in 1893." This is an error as to date. The financial depression set in on November 9, 1892, instantly upon the result of the election being known. On that day a Baltimore buyer cancelled a \$50,000 order for Ohio wool, and on the same day King, Gilbert & Co., of Middleport, O., received among others, a cancelment of an order for 1,000,000 pounds of steel, and ordered a general reduction of wages. During the election week, Herman Aukam & Co., of South River, N. J., manufacturers of handkerchiefs, announced a shut-down on December 1st. The Phoenix Iron Works, Reading, Pa., reduced their force in several mills, and on the 12th November, E. D. Jones, Sons & Co., of Pittsfield, Mass., received a cancelment of an order for a \$400,000 paper mill in western New York. C. W. Howard stopped erecting a paper mill of \$80,000 at Neenah, Wis. The Illinois Iron & Bolt Mill, near Elgin, desisted from the further erection of additions designed to double their output. On November 22d, only two weeks after the election, the Illinois Steel Company's 3,500 hands found itself without orders and announced a shut-down from December 15th, and on November 30th, the Enterprise Company of Joilet and the Stone City Bank failed.

Governor Oates, of Alabama, though a Democrat, a free-trader and a friend of Grover Cleveland, in the *North American Review* for November, states frankly when the panic began. He says: "The financial panic, which began in the latter part of 1892 and continued through the greater part of the two succeeding years, suspended three-fourths of the great industries of the State, especially in the mineral section, etc."

We think, also, that in ascribing the name "America" to Vespuccius some attention is due to the recent proofs advanced by Spanish and South American scholars of fair pretensions, showing that "Amaraca" was the original native name of the whole region from Nicaragua to Brazil, and still adheres in a dozen of the local names like Maricaibo (the gulf), Moruco (the river), Amarica (a town), and the like. This was the region

which Vespuclius visited, and by which he might have been named afterward, as all explorers are dubbed with a new name for the countries they explore. "Chinese" Gordon, "Buffalo" Bill, and a score or so of "Australian" Jims, "Turkey" Toms and "Italian" Joes, illustrate this tendency. Whether Vespuclius brought his name of "Emerigon" to America or not, the proof is conclusive that he found a continent which already bore the name "Ameraca," for all that portion lying between the Amazon and Nicaragua. Hence the transfer of the name to the man is probable, while the transfer of the Christian (not the sir) name of Vespuclius to the country was simply impossible in the nature of language. If any intent existed to name the continent after Vespuclius, it would have been called Vespuclia after his surname. On the other hand, if he found a continent already bearing the name "Amaraca" or "Emerigon," nothing would be more natural than that he should take on a cognomen borrowed from the country he had discovered. This was even more formally done in the case of Columbus, by creating him Duke of Veragua, after another of the local names pertaining to the central American coast. Mr. Fiske does not deign to allude to the Spanish poofs on this question.

**ANARCHY OR GOVERNMENT.** By William Mackintire Salter.

Thomas Y. Crowell & Co., New York and Boston. 176 pp.

This is a meaty little volume, both timely and compact. The book is the outcome of a series of lectures at the School of Applied Ethics in Plymouth, Mass., in 1894.

The author starts out with a definition of the word anarchy, as he proposes to use it, viz.: A name for a state of society without government. As the antithesis of the latter, it does not necessarily designate a company of dissociated or disorderly individuals; for anarchy, he claims, is not inconsistent with association, but only with enforced association. It is synonymous with liberty, or a system of things where the individuals would be left free to do as they chose, all compulsion being eliminated, and the only bonds acknowledged and complied with being moral. With this exposition of the terms employed, he then passes on to discuss which is better, anarchy or government. All reasoning as to the former must be purely

hypothetical, for there never has been and never will be, while human nature is what it is, a state of society wherein there would be a complete absence of government. We have no sympathy with those who conceive of an ideal society, in which strict anarchy would be the highest and most perfect grade of social existence.

THE WAY OUT. By Moses Samelson. New York, the Irving Company, 1895. 428 pages.

This is a rather pretentious little volume, for it assumes to settle a good deal and seems to make light of the immemorial difficulties of the problem. The book has no table of contents nor index, and is obviously faulty in this regard. "The Way Out," the author tells us, "is to open up to the reasoning of thinking men a proposition which, without subverting existing conditions or possessions, will ameliorate the general conditions of all the people; grow the moral of the people up to the level that the general education and the growth of the sciences imperatively demand," etc.

Part I. is devoted to individual ethics, in which he attempts to prove that the ethics which educate society, so-called, are not in accord with the requirements of progressive humanity. In Part II., these agitations and difficulties which disturb civilization are shown to be the result of human selfishness and not of natural causes.

In Part III., he solves the problem by disclosing how man and nature can be brought into harmony. Ethics he defines as the science of human duty, and as the rules that have governed it have been more often false than true, he proceeds to declare what are the right rules and to apply them; calmly he discusses the ethics of economy, of charity, of suffrage, of capital punishment, of labor strikes, taxes, etc.

"The Way Out," seems clear enough to the author, but alas, whose nostrum seems sufficient for the complex ills of society—and this volume like many another essays what no one, not infallible, can undertake to the satisfaction of inquiring and burdened humanity.

However, our author comes on to firm ground when stating the nature and scope of government, for social action and government are, he says, practically convertible terms. Indi-

vidual liberty is not just now the great thing, though much is said about it by those who are seeking practically to nullify wholesome laws and to repel all restraint. The safety and progress of society are paramount. No one has a valid title to any personal freedom which endangers the existence of society. Public needs must, according to our author, limit all individual rights; and he properly questions Mr. Spencer's positions, which represent in our judgment a radically false and dangerous theory of individualism. "Taking the popular idea," says this author, "that each man should be the architect of his own fortunes, and that success or failure should depend on the intrinsic worth of each individual, we are conducted straightway to anarchy." Here is the key to the philosophy of the book and its contention, "if we take the social standpoint, if there is any meaning in the concept of a society and any sense in looking at things from that point of view, then may a society interfere to protect the lives and property of its members; may, not because a majority determines that it shall interfere, not on the basis of any hocus-pocus elections, or of an imaginary 'social contract,' but because in the nature of the case it must interfere, or have the right to interfere, else it ceases to be a society, a real whole, a true social body." Hence, it follows that government may be used for promoting the higher ends of life. The question of thus acting is always a practical, not a theoretical, one. The only thing to be determined is, can government act to advantage? "The sound general tendencies," says the author, "for modern societies is to assert themselves more and more in the industrial realm. Here, as elsewhere, I believe anarchy or liberty should more and more give way to government." True and pertinent are the closing words of this little book, "to work for the enlarging and deepening and spreading of the social consciousness in the minds of our American people, to increase the sense of our belonging to one another, to make us feel more and more that an injury to one is an injury to all, is one of the great ethical tasks of the day."

# GUNTON'S MAGAZINE.

FEBRUARY, 1896.

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## The American Doctrine.

The Senate Committee on Foreign Relations has reported to the United States Senate the following resolution as a definition and interpretation of the American Doctrine:

*Resolved*, By the Senate, the House of Representatives concurring, that as President Monroe in his message to Congress of December 2, Anno Domini 1823, deemed it proper to assert as a principle in which the rights and interests of the United States are involved, that the American continents, by the free and independent condition which they have assumed and maintained, were thenceforth not to be considered as subjects for future colonization by any European power.

WHEREAS, President Monroe further declared in that message that the United States would consider any attempt by the allied powers of Europe to extend their system to any portion of this hemisphere as dangerous to our peace and safety; that with the existing colonies and dependencies of any European power we have not interfered and should not interfere, but that with the governments who have declared their independence and maintained it, whose independence we have on great consideration and on just principles acknowledged, we could not view any interposition for the purpose of oppressing them or controlling in any other manner their destiny by any European power, in any other light than as the manifestation of an unfriendly disposition toward the United States, and further reiterated in that message that it is impossible that allied powers should extend their political system to any portion of either continent without endangering our peace and happiness; and,

WHEREAS, the doctrine and policy so proclaimed by President Monroe have since been repeatedly asserted by the United States by executive declaration and action upon occasions and exigencies similar to the particular occasion and exigency which caused them to be first announced, and have been ever since their promulgation, and now are the rightful policy of the United States;

"Therefore be it resolved, that the United States of America reaffirms and confirms the doctrine and principles promulgated by President Monroe in his message of December 12, 1823, and declares that it will assert and maintain that doctrine and those principles, and will regard any infringement thereof, and particularly any attempt by any European power to take or acquire any new territory on the American continents or any islands adjacent thereto for any right of sovereignty or dominion in the same, in

any case or instance as to which the United States shall deem such attempt to be dangerous to its peace or safety by or through force, purchase, cession, occupation, pledge, colonization, protectorate or by control of the easement in canal, or any other means of transit across the American isthmus, whether on unfounded pretension of right in cases of alleged boundary disputes, or under other unfounded pretensions, as the manifestation of an unfriendly disposition toward the United States, and as an interposition which it would be impossible in any form for the United States to regard with indifference.

At first sight this seems like a somewhat remarkable deliverance, and will probably be so interpreted by some, especially those who desire to minimize the American Doctrine as an extravagant extension of the "Monroe Doctrine." Upon closer examination, however, we think this criticism will be found to be unwarranted. This declaration asserts the full intent of the Monroe Doctrine, but it can hardly be regarded as really extending it.

The object of the American Doctrine is to exclude European monarchies from this hemisphere. This the Senate declaration does. It does not declare that South American countries shall not have a monarchy of their own making, but it does say that they shall not transfer the territory or political sovereignty to a European monarchy. The essence of the American Doctrine is to secure the free evolution of political institutions on this hemisphere. This requires that all American countries be beyond the power of coercion or bribery by European monarchies. This seems to be necessary to guarantee the free choice of institutions by the people of those countries.

If they want a monarchy, there is nothing in the American Doctrine to prevent it, but it must be a monarchy of their own. If they wish to integrate with other nations, to strengthen their political entity, the integration must take place with peoples in this hemisphere and not with European monarchies. It is quite within the range of possibility that for the purpose of securing certain valuable territory for industrial or political reasons, a monarchy might give a high bribe to a few individuals in some small American country, and by so doing secure the consent of that government to a cession of territory, or even a protectorate to, or for that matter to becoming a colony of, a European monarchy. This would not be a development of monarchical institutions, but a corrupt and treasonable transfer of political

authority. To prevent this is the object of the Senate resolution. In other words, the resolution says that they cannot procure by any surreptitious means territorial or political authority on this continent that they would not be permitted to assume by force.

Of course, England and other European countries will try to interpret this resolution as a coercion of South American countries. It is not so intended, and on careful reflection we do not think it can properly be so interpreted. It protects them from being confiscated by European monarchies, and also from being betrayed into the hands of foreign monarchies through bribery or treachery. But it in no wise limits their freedom to establish any form of government they choose, and have any kind of intercourse with European powers they choose. It leaves them entirely free to have a democracy, an absolute monarchy, a constitutional government, or any other form of political organization that they desire to inaugurate, but it must be their own. In other words, that the political and industrial institutions on the American continent must be American.

It is for the good of international relations generally that the American Doctrine should be specifically understood, so that foreign nations may know exactly how any intrusive action of theirs in relation to American countries would be regarded. The Senate resolution, however, introduces no new element into the Venezuelan controversy. If the boundary indicated by the Schomburgk line proves to have adequate evidence to sustain it, which the present evidence seems to indicate that it may, then the English claim will be conceded without more ado. If, on the other hand, the commission appointed by the President finds evidence throwing doubt on the English claim, then the question should properly be submitted to arbitration. We believe that both the English and the American people are in favor of arbitration; but if the English are not, they take the responsibility of forcing the conflict. But upon all this, we repeat, the Senate resolution has no particular effect; it is simply a declaration of the American doctrine for the future.

### English View of the Monroe Doctrine.

THE President's Venezuelan Message has led to a very general discussion of the Monroe Doctrine in England as well as in this country. Whatever the outcome of this international flurry may be, the world, and particularly the English, will be better informed regarding the political position the United States occupy on this hemisphere. The indifference and even contempt with which Englishmen have habitually regarded America and Americans had almost become stereotyped into a mental habit.

For years Mr. Cleveland has had almost a monopoly of English compliments for Americans. For obvious reasons, he has been constantly treated as the single and conspicuous example of integrity among American statesmen. So long as he was forcing legislation detrimental to American industries at home, and hauling down the American flag abroad, he was the embodiment of greatness. But the instant he asserted the American doctrine in a way that interfered with the plans of England, he fell, in the English mind, from a statesman to a demagogue. They soon concluded that in the light of his previous attitude, both in the domestic and foreign policy, his rash and undiplomatic message was the stroke of a politician rather than the act of a statesman.

The *Saturday Review* bluntly asserts that "He has written himself down an ass," and says, "As soon as President Cleveland found out that his advances towards free trade were premature, and that his reductions of the protective tariffs were unpopular, he went in for 'sound money,' and attacked the bimetallists; but this seems to have brought him no great advantages. In the last forty days, Kentucky, a Southern and Democratic State, if ever there was one, has shown itself Republican. Nothing, therefore, remained for President Cleveland to do, if he wanted to rally his party and secure a victory at the polls, except to announce a 'spirited foreign policy.' \* \* \* Our readers must remember that he has played the same game before. On the eve of a former Presidential election, he posed as a Jingo; he sent Lord Sackville West his passports, seemed ready to fight with Germany about Samoa, and issued a proclamation threatening retaliation upon Canada.

For these and other reasons, we feel sure that President Cleveland's Message is but a desperate electioneering attempt to win the Irish and Jingo vote in the approaching Presidential election."

In the same strain the *Spectator* remarks, "It will, it is believed, make Mr. Cleveland the inevitable candidate of the Democratic party for the November election. It is suggested in many quarters that this is the real object; that the commission will not report until after the election, and that Mr. Cleveland will obtain the whole of the anti-English vote."

It must be admitted that there is too much truth in this diagnosis; but these English journals are mistaken in assuming that this sudden assertion of the Monroe Doctrine is simply a Cleveland affair. The bluntness, bad diplomacy and third-term politics were his, but the doctrine is the deep-rooted conviction of the American people. It was because he knew this that he used it for this questionable purpose. Whatever of personal ambition, partisan tactics or lack of integrity may be ascribed to Mr. Cleveland, nothing but downright conviction and zealous enthusiasm for the American policy can be attributed to the people.

When the news crossed the Atlantic that both branches of the National Legislature unanimously endorsed the President's Message, it began to dawn upon the English mind that even if Mr. Cleveland was merely a designing politician, he had struck the popular chord, and had acted the Mark Antony quite successfully. This fact seems to have disturbed their self-contained attitude of assuming that the message need not be taken seriously. And they proceeded to charge the anti-English sentiment here to the Bunker Hill prejudice of New Englanders.

The *Saturday Review* says:

"There can be no doubt that the ordinary American feels a certain indifference, even contempt, for Englishmen in general, and that the masses of Americans are conscious of an antipathy to Englishmen more pronounced than they feel in regard to any other people. \* \* \* The bitterest antagonist of Great Britain in America is the New Englander, who is, so to speak, brought up on the record of the War of Independence, and who as a Puritan justifies his animosity to

England by dwelling on the fact that the English first instituted slavery in America, and when the Americans engaged in a civil war to put an end to it, England sided with the slave-owners. \* \* \* That the average American, and particularly the New Englander, cherishes hostility against England is, we contend, the ground fact of the present situation. The fact that the Secretary of State, Olney, is a Bostonian is the means through which the New England influence has coerced the President into his anti-English position."

These extracts show the delusive working of the British mind on American affairs. The English appear to see nothing in the American doctrine but Bunker Hill spite, nourished in the minds of Americans from generation to generation. They seem not to know that they have continued, with but slight modification, the same contemptuous and sneering attitude toward Americans that they entertained at the beginning of the century. From sheer force of habit, they forget that they have assumed an unfriendly air to our every step of advance. Besides giving aid and countenance to the Rebellion for the purpose of disrupting the Union, they have used every device of literature, social and political influence, to keep us an agricultural country, by preventing the development of our manufacturing and commercial industries. And, with a disinterestedness exhibited by no other country, they have laboriously argued that this was all for our own good.

Their free-trade policy was inaugurated solely for the promotion of British manufacture. But, curiously enough, that which they so much desired would be very bad for us, and what they discarded was exactly what we ought to have. The fact that we were largely of the same race, having the same language and literature, made it easy for this sophistry to become a part of American education. For a considerable time, nearly all the economic literature in our educational institutions was English. Indeed, "Bunker Hill" bitterness had so nearly disappeared that English authors furnished the textbooks for the American youth. True, the anti-English feeling was again revived by England's pronounced effort to aid the Rebellion. Yet, through the growing prosperity of the first twenty years after the war, it again practically disappeared, and English doctrine and English policy once more began

to dominate American thought and teaching. It took rapid root in our educational institutions, and soon found expression in the daily press and periodical literature, finally accomplishing the election of Mr. Cleveland and a Congress pledged to incorporate the English doctrine into American policy—not the policy that England advocates for England, but that which England recommends for America. Mr. Cleveland and his Congress went at the reformation business in earnest, applying it to both our domestic and foreign policy.

The President's un-American foreign policy in Samoa and Hawaii might have been overlooked, or at least have been passed by with a little scolding, had it not been accompanied by his disastrous onslaught upon domestic industries. It was this national disaster, directly traceable to English influence in American affairs, and not New England prejudice, that caused the sudden revolt of public opinion throughout the whole country against Mr. Cleveland, his party, and the whole doctrine and interest by which he had been influenced, and created a more intense American national feeling, and again demanded a pronounced American policy.

The so-called anti-English spirit in this country is not bitterness to England, but merely a wholesome distrust of English advice and influence in American policy. If England hopes to have the confidence or more than passing respect of America, Englishmen must abandon their cynical habit of sneering at Americans, and show an honest interest in the welfare of the Republic, which, with a few isolated exceptions, they have never done.

So long as they insist upon treating us as something less than their equals, and through a patronizing, pretended friendship, seek to make us the prey for their interests, they may expect us to view their advice with suspicion and distrust.

In discussing the merits of the Monroe Doctrine, the English appear equally to misunderstand the true American position.

After pointing out that Great Britain and Germany and Russia are rapidly filling up, and need some country where their redundant and of course disagreeable population, can be sent to relieve the social pressure upon the home administration, the *Spectator* says:

"We have not a doubt in our own minds that, were Germany free to invade Brazil, or coerce Brazil, Southern Brazil would become a German dependency, as would also Peru, now in her nadir of resources, thus constituting a mighty German State, stretching from ocean to ocean. \* \* \* The tropical provinces of the same vast territory, now almost derelict, could be filled in a generation with the overspill of India, to the immense relief of the Peninsula, now beginning to be overcrowded, and the indefinite improvement of all the wild forest tribes. \* \* \* Under the shadow of the Monroe Doctrine they (the Americans) are able to keep out the more vigorous people whose first condition for settlement is that they will dwell permanently only under their own flag and the protection of their own laws. \* \* \* The surplus millions (from Germany) are ready to emigrate; they make capital emigrants, and they are keenly desirous of founding a new Germany; but they can find no place where they can found even a colony, and are compelled to let themselves be lost amid the endless multitudes of the United States, whose weight in a generation or two extinguishes all distinctions. \* \* \* A good deal of the world's future is in their (Americans) hands, and will be materially affected by a doctrine which they regard as a mere defense against the necessity of watching their frontiers or keeping up armaments on the European scale."

As if to add to its misapprehension of the subject, the *Spectator* talks of Great Britain as an American power, because it happens to exercise authority over some American territory. The Monroe Doctrine is not merely a defense of the United States, but it is the assertion of an American principle of protecting the opportunity for the growth and perfection of republican institutions in this hemisphere.

This principle is asserted not merely on the local interest of the United States, but on the broad grounds of political science and the development of types of political institutions. It is for the interest of all mankind that political freedom and democratic institutions should have unmolested opportunity for development and perfection in some part of the world. There is no opportunity for such evolution and experimentation in Europe, Asia or in Africa. The struggle in Europe is for the perfection of constitutional monarchy and parliamentary government.

America is the only place on the planet where the opportunities for democracy can be unmolested by despotic or aristocratic influences. The United States is the great leader in this experiment, and it is its function to protect that opportunity; not more for its own sake than for the sake of civilization itself. The United States is experimenting in democratic institutions for the whole human race.

The idea that Brazil and Peru would soon become German dependencies, constituting a "mighty German State," is exactly what is not desirable. The Monroe Doctrine does prevent this, and in doing so is rendering an invaluable service to civilization. German types of political institutions are not wanted on these continents. Germany has not yet perfected the representative features of even middle-class institutions in Germany. Until she has solved that problem for Germany, she is not sufficiently advanced to transplant her institutions on this continent where democracy would otherwise grow.

According to the *Spectator*, "these emigrants will dwell permanently only under their own flag and the perfection of their own laws." That is conclusive evidence that they are not fit to come here. All who want the "German flag" and "German laws" are not sufficiently advanced to come to America. It laments that "emigrants are compelled to let themselves be lost amid the endless multitudes of the United States, whose weight in a generation or two extinguishes all distinctions." That is exactly as it should be. They come to America, and by thus becoming lost amid the endless multitudes of the United States become Americans, and by so doing prove their fitness for a higher form of government and a more advanced type of national civilization. That is the true line of demarcation to be drawn, and to the extent that the Monroe Doctrine helps to draw that line, it acts as a means of natural selection by which the best elements of European civilization may be advantageously assimilated into the democratic civilization of the New World.

The fact that England owns territory on this continent does not make England an American power. The distinctive feature of America is not the geography but the type of political institutions. The essence of Americanism is democracy. England is distinctively the representative of middle-class institu-

tions; and hence is as un-American as Russia, though not so backward in its political development. It is true that "a good deal of the world's future is in their (American) hands;" and it is for that reason that America should protect the opportunities and conditions, that the world's future may have the benefit of what America stands for in human freedom and political government. The Monroe Doctrine is the American doctrine. It is broader than the United States. It is deeper and more significant than any mere territorial interests. It is an essential principle in political science and rests upon the ground of aiding human progress by protecting the opportunity of the new to survive.

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### Horace White's Money and Banking.\*

MR. HORACE WHITE, editor of the *Evening Post*, and Mr. Alexander Delmar, who in 1865 was appointed by Secretary Chase Director of the Bureau of Statistics, have just issued works on money. The two writers display much research in their several lines of investigation, and while giving evidence of nearly equal industry and, perhaps, equal acumen, have come to nearly opposite conclusions, from the top clear through to the bottom of the so-called "science of money."

The difference of conclusion is, we think, wholly temperamental—an affair of the spectacles, nerves and "gray matter" through which the facts are seen—and not a consequence of any difference in the facts perceived or the method pursued in investigating them.

Mr. White's field of study has been local American finance from the earliest settlement of the United States to the present day, going abroad hardly more than is necessary to accompany the American commissioners to the various monetary expositions held since 1865 in Europe. He follows the Colonies in their attempt to substitute some more acceptable medium than coin; the revolutionists through their continental issues; traces the course of the First and Second Banks of the United States; then the State bank money, the greenbacks and the national bank notes.

Mr. Delmar's field of research may be said almost to end

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where White's begins, for it consists of a study of the monetary systems (chiefly as relates to coin) which have prevailed in Asia, Africa and Europe from the dawn of civilization to a period not very modern; and the only part of modern and American history which he dwells upon is the recent monetary reaction in the Argentine Republic. Yet from these two independent and hardly overlapping fields of investigation and study, Mr. Delmar returns laden with the conviction that money is primarily a creature of law and that it has rendered its greatest services to society when it has been clothed with most of fiat and least of commodity value; while Mr. White regards every such acme of inverted monetary wisdom as a manifestation of human folly and knavery only one remove from the clear instigation of the devil. He regards the recent gradual concentration of the world's esteem and appreciation upon gold as the product of the most refined human intelligence; Mr. Delmar pronounces it a subjugation of the monetary interests of the toilers and producers of the world to a few cornerers and forestallers of the gold product. It is a catastrophe well calculated to enslave the masses in the interests of a few financial despots.

Thus it may be said that Mr. Delmar, writing up the history, through thirty centuries, of "gold" itself, comes to the conclusion that what is blindly taken to be its commodity value has at all times sprung mainly through its coinage use; this in turn has been dominated by a subtle connection anciently with imperial and sacerdotal "fiatism," and at present with commercial monopoly and financial centralization of power. Mr. Delmar sees in the Rothschilds and the Bank of England, the lineal successors to the Cæsars, Tamerlanes and Ghengis Khans. Mr. White, on the other hand, writing the history of a country and period in which "fiatism" has been the almost exclusive rule, and gold the exception, has embraced the conviction that Gold is the Ark of the Covenant, the sacred dwelling of "The Host," and that "fiatism" is a heresy to be smitten hip and thigh, like the Hivites, Hittites, Perizzites and Jebusites, who hinder the progress of the Lord's anointed into the promised land.

Mr. Delmar expresses his faith thus (p. 307): "And let it be remarked that I am not here advocating a policy, but chronicling a historical fact; all the great enfranchisements

of societies have been accomplished with the aid of fiduciary money. The Spartans won their liberty with iron discs of Lycurgus; the Athenians, before the Alexandrian period, rehabilitated the Republic with 'nomisma,' a highly over-valued copper issue; the Romans overthrew their kings with the aid of overvalued 'nummi,' whose emissions were controlled and regulated by the State, *ex senatus consulto*. The earliest republic in Europe which had the courage to defy the moribund hierarchy of Cæsar was that of Novgorod, whose money was impressed upon leather and, doubtless, issued by the State; the money of the Scandinavian revolution was the 'klippings' of Gustavus Vasa, which were issued by the State; the money by the aid of which Gustavus Adolphus saved the Protestant religion from being stamped out by Ferdinand, the Catholic, was overvalued copper 'rundstyks,' issued by the State; the money of the Dutch revolution was the pasteboard 'dollars,' issued by the City of Leyden; of the American Revolution, the paper notes issued by the Colonial governments; of the French Revolution, the 'assignats' and 'mandats' issued by the National Assembly; and of the Anti-slavery War in the United States, 'greenbacks.'

"All these moneys were issued and the emissions were controlled by the State. They were not individual notes, nor private bank-notes, but essentially State notes. Indeed, the issue of fiduciary moneys by the State has so commonly attended all social enfranchisements, that the occurrence of one of these events is almost a certain indication of the other. There is a reason for this—a reason that lies upon the surface. When the people take the government of a country into their own hands, wealth naturally hides itself, and the first form of wealth to disappear is the precious metals. The moment a revolution or a civil war is declared gold and silver disappear. Thereupon the emission of fiduciary money by the State becomes imperative, or else the revolution runs the risk of immediate failure, for money is needed to purchase subsistence and arms, to pay troops, and generally to carry on the new government."

The exigency which brings forth fiat money, therefore, according to Delmar's research, must be some great forward movement of the people (which means the poor) toward a larger enfranchisement, or a more rapid wealth-production. This can-

not be had without a swifter and larger diffusion of wealth-consumption among those who do not possess the wealth itself, than is possible through "sound" money, which is the sceptre of Pharaoh and not the wand of Moses. It is the common people who possess that impulse toward liberty and progress which impels the exodus or revolution which needs the fiat money for its success. Whoever desires the beneficence of the forward social movement must be prepared to pay some penalty in the defalcation in values which will accompany its attainment.

It must be conceded that Delmar's conception admits the truth of White's complaint against fiat money, viz.: that it involves a temporary social defalcation on the part of those who owe to those who own. Mr. Delmar, however, boldly belittles and repudiates this suggestion, on the plea that this is only a part of that perpetual process of "spoiling the Egyptians," by which emancipation is accomplished.

Had it been possible for Mr. White to meet and consider this view in a spirit of more generous ethical indulgence, it would have led him to show, if he can, how the early colonists, having no gold, almost no silver, and absolutely no banks whatever for a century and a half—from 1607 to about 1760—could have made their exchanges at all, without adopting the cowrie money, tobacco and beaver-skin money, and Colonial fiat money to which they resorted. If he cannot show this, then his impatient ascription of such money to folly and knavery is not well-conceived and is hardly good economics; for in economic science no series of events can be pilloried as ethically wrong unless the finger can be laid on the substituted policies which would have accomplished the same economic results, and unless it can be shown that the adoption of these substitutes was feasible at the time, in the condition in which the colonies were placed.

Mr. White does not discuss these primary questions; he does not say whether the colonies did not by means of fiat money initiate public enterprises and private production, and perhaps carry them through, on a scale and with dimensions which without this resort would have had no inception, or if begun would have met with early collapse. If a strict adherence to "pay as you go," or adventure only so far as you can proceed with sound money, belong in the same category of ideal

ethical precepts, as the directions to love one another, and to shed no blood, then the short and simple answer to them all is that they are too good for this world and that, consistently with such precepts, no new rights can be won, no liberties established, no free popular governments founded and no social reconstruction realized.

Hence the acidity with which Mr. White denounces the colonial paper money in the sentences that follow, leaves the mind with the feeling that something is lacking to justify it. This something should be the proof that with their sparseness of population and poverty of resource, which precluded banks and bank notes, and with their absence of gold and silver, some other and better device was within their reach than that which they used. If no such superior alternative was practicable one might as well blame the early Britons for eating meat with their fingers instead of with knives and forks, or the first Astor for not riding from Waldorf to the sea on a bicycle instead of walking, as to attach an ethical stigma of wrong-doing to our Colonial ancestors for being impelled by their poverty to "make money" when they had nothing very good to make it of. Mr. White says (p. 121):

"No kings, however tyrannical, ever debased the money in circulation so recklessly, persistently, outrageously as the Colonial assemblies." [Answer: There was essentially none in circulation to debase.—Ed. Econ.] "It would seem that no lessons of experience were of any value to prevent repetitions of the same offense." [Answer: If gold and silver could have been got in the quantities needed they would not have issued fiat money.—Ed. Econ.] "In so far as they were saved from the worst consequences of their folly, they were saved by the mother country, with which they were at bitter strife on the subject of legal tender acts and depreciated paper for three quarters of a century. Loyal and obedient on most matters, and ready to take up arms in England's quarrels, they were rebellious and intolerant of restraint on this subject."

The assumption here is that more evil resulted from the collapse of Colonial money than advantage from its use. But the common experience of mankind is that the exchanges which a given sum of money, or even merely supposed money, will perform in a month or a day, may be of far more value to so-

ciety than the sum of money itself, which is the instrument of the exchange. A spade worth a dollar may turn over land worth thousands of dollars. In so doing it facilitates the production of a crop whose value is out of all proportion to its own value. Thereafter it matters little how soon the spade goes to pieces, though, if it will continue its service for an indefinite period, it is all the more valuable. Yet eternity is not a necessary *sine qua non* to its utility. It cannot be proved a fraud or a "steal" because, after facilitating a production equal to thousands of times its own value, it suddenly breaks down into old iron and firewood. In how short a space of time may a representative dollar pay for itself by its services?

The average life of a note of the Bank of England, from the date of its issue, newly engraved and signed, to that of its return to be burned, is said to be only four days, though a definite portion of all the notes remains out many months. During that brief average life it far more than pays for its cost of production. Indeed, its cost of production bears no proportion whatever to its utility.

But it is said the Bank of England note is finally redeemed, while the collapsed Colonial note is not. Fortunately for the British Empire, this is exactly what does not occur.

The Bank of England note (to the extent of the first £17,000,000 or so of the issue of notes) is only redeemed by being circulated and taken at par from all the holders thereof except the last, viz., the Bank itself. In the Bank's hands it represents the perpetual unredeemed and irredeemable debt owed by the Kingdom of England to the Bank, on which the principal will probably never be paid until the Bank itself is wound up and retired from business. Indeed, for the government to pay off this debt would destroy the very basis on which the Bank issues the note. But the note is the typical currency of the kingdom, the initial source of the deposits, including the deposits of gold, and the pivot of all the Bank's utilities and powers. Without it the Bank could not be the fiscal agent of the government, the Imperial Treasury of the kingdom, the source and regulator of the currency, the central magnet which draws to itself the world's gold, the governor of rates of interest and of production and the mediator and averter of panics, the source of coin redemption for all the banks in the kingdom, the

clearing-house of the world's exchanges, or the throne-room of the world's finances.

The Bank of England note, therefore, stands as truly for a perpetually unpaid debt as the notes of the American Colonies, but it represents a debt made perpetually useful by adapting it through the alchemy of a government bank to the daily recurring wants of a new set of lenders, each of whom finds it to his interest to rush forward at an average of every four days and relieve the government of the debt it owes the bank by buying the bank notes with which to effect exchanges. Thus the government's debt to the bank is, through this utilization of the note as currency, at once never paid and always paid.

The real sin against the social welfare committed by our Colonial forefathers did not consist in issuing the Colonial notes, but in failing to utilize them as at once a permanent bank debt and popular loan. England has been so fortunate as to do this with that portion of the government debt to the bank which circulates as notes of the Bank of England.

In like manner the sin committed by the Continental Congress in conducting the War of the Revolution, in the matter of the "continental money," consisted neither in the fact that they issued that money, for only by issuing it could they have held their feeble armies together until military, naval and financial aid came from France; nor in failing to pay it off and retire it, for its payment and retirement was not possible, since at no time had they the silver to pay it with, nor could they have got it; nor, if possible, would it have been useful, since if paid off and retired while it was at par it would have been a violent and disastrous contraction of the currency, which would have wrecked the interests of the people. If paid off and retired after it had descended to zero, it would only have conferred vast fortunes on the few bill-brokers who had bought it up. If paid off on its way down to zero, it would only have injured the taxpayers to enrich the note-brokers. In any form, and at any time after its issue, its payment and consequent destruction would have been a disaster, for to burn up the means of exchange and measure of value to which a people have accustomed themselves is a far greater sin against their prosperity than to burn up their agricultural implements. The only real sin the fathers of the Revolution committed consisted in not

putting behind the continental notes, as Alexander Hamilton actually proposed to Robert Morris to do, a solvent government bank capable of converting the exchanges of commodities, which these notes would facilitate, into valid assets for their perpetual daily redemption and reissue upon sound banking principles. Hamilton saw that if England could thus convert £17,000,000 of national debt into a popular redeemable national currency, America could, with the same mechanism, utilize the whole issue of continental money. Hamilton therefore during the war proposed to Morris a government bank of \$100,000,000 capital, at a time when there was no bank in the country in existence. He was only able to partially realize his idea in a bank of one tenth the capital he had desired, and that at a period two decades later, when the continental money had already passed into repudiation; and only a small part of the great utility he had hoped to achieve could be attained.

Conceding that this failure to make the debt which the Continental Congress incurred to the people, the basis of the note issues of a solvent government bank, was a great mistake, it does not differ from the incapacity which existing politicians and statesmen of America are exhibiting under exactly similar conditions in the matter of our existing greenback debt. Cleveland and Carlisle, in proposing a retirement by funding into bonds of \$500,000,000 of currency, do not propose a currency measure, but only a financial crisis tenfold worse than the crisis of 1893 to 1895.

A sane currency measure would be one which proposed to convert the greenback debt from a menace to the solvency of the treasury into an instrument of the commerce of the people daily redeemed in coin by the banks themselves, as England has done with the bank loan of £17,000,000. Few of the Senators or Congressmen in either party are yet alive to the value of this issue, or rise to the height of this great argument.

Mr. Horace White purports to be pushing his craft along the icy borderland of financial exploration. He imagines that the *ultima thule* of navigable waters is reached when he puts up gravestones at the points where fiat money has gone down, and imposes a *hic jacet* over the bones of those who gave it birth. In the world of finance, as in that of physics and of morals, shipwrecks result not from rottenness in the cargo but bad steering;

curses are mismanaged blessings; sins and failures are misdirected energies and ignorantly handled virtues.

If we, with a century more of light to disregard, decline to bank on the greenback debt so as to make it useful instead of pernicious, why denounce our fathers for failing to bank on the Colonial debt or the continental debt? A financial writer like Mr. White should teach the people something more than they already know. He says, "retire your greenbacks." Congress answers by the acts of 1868 and 1878: "That cannot be done without a financial crisis a hundredfold more costly than even the greenbacks are." It would not be very far from the point Mr. White has reached to the next step in the logic of the situation, namely, "then bank on them." The banks, collectively or separately, could better afford to assume the issue and redemption of the \$346,000,000 of notes necessary to fill the gap left by the withdrawal of the greenbacks, if not compelled to invest their capital in government bonds at 3 per cent., than if compelled to do so. Hence the issue of government bonds in exchange for the greenbacks would be to the banks an incubus and not a privilege. But the issue of the notes by them would be a privilege and not an incubus, provided there were either an aliquot distribution of the privilege among the banks in proportion to their capital and solvency, or a concentration and pooling of the banks into a branch system, such as exists in Canada, Scotland and England, and an assumption of the substituted note issue by the whole banking system; or provided a government bank of \$100,000,000 of capital should be so formed as to associate with itself from twenty to fifty of the leading banks of the country in an American syndicate to take charge of the issue.

To concede that such an operation requires wealthy capitalistic co-operation and good fiscal management should not deter us from advocating it, unless we believe that Democratic institutions are a failure in all that pertains to the higher finance essential to national prosperity. If they are, we had better be looking around for sound government itself, since sound money is, by the terms of the proposition, conceded to be unattainable.

Mr. White emerges from his book swearing "like our army in Flanders" against all the modes in which our ances-

tors undertook to make a people's currency out of a public debt without banking on it, and unctuous with words of sweetness and light over the success which has attended the governments of England, Scotland, Canada, and perhaps France and Germany, all of which have banked on it, and yet with no plain path marked out whereby we ourselves can shun the worse and seek the better way.

Mr. White's chapters on the First and Second Banks of the United States are excellent and comprehensive in detail and vacuous only in lack of constructive inference from the history evolved. He finds that both banks were sound, useful, successful, and should not have been destroyed. Jackson's war upon the Second Bank was based on false premises and inspired by ignorant, unstatesmanlike motives. But he was really desirous of founding a revised bank more subject to official dictation and control than that of which Biddle was president, which would have been a very unwise thing if done, but less unwise than to destroy the bank altogether. Clay, therefore, was foolish to make the issue on the bank, since had he not done so, Jackson would have relented or modified, and a bank of some kind would have been saved. Biddle also, though he conducted the bank successfully, was an idiot to fight Jackson, as the result proved. Mr. White, therefore, cheerfully consigns all the parties to perdition, on the assumption that the financial will of Andrew Jackson was an unchangeable verity and an irresistible factor which nobody ought to have undertaken to control, while the mere economic usefulness and political wisdom of a Bank of the United States, though unquestionable as facts while they lasted, were yet not facts of that kind which are entitled to persist and survive when brought into collision, with the temper of a first-class Indian fighter with all his fighting dander up, and transferred to finance.

Mr. White declares that the "Scotch bank system is the best in the world, and that we might borrow from it, as the Canadians have done, to our advantage." But the Scotch system has as its keystone a government bank very much like the bank that Jackson slew; it has the branch system which the Bank of the United States had inaugurated, to the extent of thirty or more branches. It has a system of central coin redemption, which also the bank of the United States embodied,

and through which it compelled coin redemption in all the other banks. The differences between the Scotch system and what the American system would now be, had the Bank of the United States continued to this day at its head, cannot be fundamental. And yet Mr. White says of the latter, "it does not follow that the bank would be a desirable institution to-day, or that it would have lived to this day if Jackson had kept hands off." Perhaps Mr. White desires the Scotch system without the Bank of Scotland.

Mr. White antagonizes what might perhaps be called the dynamic school of monetary economists. He describes money always as an implement of exchange merely, like hoes and yardsticks, and banks always as a business merely, like butchers and bakers. Neither of them ever rises in Mr. White's contemplation into a social energizing force, and still less into a form of psychic inspiration, like the Press or the Church or the scientific class, as the brain and nervous system of social evolution. It would not occur to him to define money as Carey does, in terms which would apply equally well to language, religion, government, art, marriage and contracts, viz., as "an instrument of association among men." In confining it to the function of swapping one piece of goods for another, by measuring the value of the effort expended on each, he avoids much subtlety and appears to have attained to special simplicity of treatment. This is necessarily at the cost of overlooking and underestimating the dynamic power of monetary facts and events upon the intellectual progress and social development. Hence Mr. White never presents to us money in its tides and currents as a comprehensive whole. He generally contradicts or denies the existence of all that class of phenomena which Hume, Adam Smith, Hamilton, Carey, Alison, and others have dwelt upon as arising out of its volume or scarcity, its abundance or lack. He takes no note of the effect of a credit currency of a higher or more satisfactory kind, like the greenback note in 1862, to retire a credit currency previously in vogue of book accounts and commercial time-paper thus stimulating production by substituting cash payments for slow trusts of private solvency.

A sentence in his preface brings out his antagonism to any mental habit of regarding money as a dynamic force. But Hume

so regards it when he compared it to water in its fertilizing influences. Carey also does so when he figures coin and bank notes as bearing the same relation of relative slowness of circulation and of influence over trade and production, compared with checks, discounts and deposits, as the blood in the human circulation bears to the so-called "nervous fluid," or as canal boats and ships in commodity transportation bear to railroads and telegraphs.

Mr. White says: "The people had to a large extent lost sight of the fundamental principles of money. The misconceptions and delusions remained, the most dangerous and widely prevalent being the notion that mere quantity is a desirable thing, and that the government can produce quantity, and ought to."

Such sentences as these appearing throughout the work indicate that the writer is disposed to treat certain forms of adverse opinion with that petulance which sometimes accompanies penetration. Mr. White can hardly be insensible to the fact that "mere quantity" is not a thinkable idea. It is not the subject of being desirable or otherwise. Quantity must be a quantity of something, and cannot be thought of apart from the substance of which it is affirmed. If the things themselves are desirable, the element of desirableness attaches to whatever quantity of them is necessary to accomplish their purpose. A single five-dollar greenback differs from the \$420,000,000 of greenbacks issued only in the single element of "quantity." If, therefore, greenbacks in this quantity were necessary for the government's purpose, or are now necessary for the people's purpose, the notion that quantity has something to do with efficiency, or that the government could produce the quantity needed, and ought to, could hardly be classed among popular delusions. Indeed, Mr. White's own notion to retire them is one founded on the alleged effects of too much "quantity." Hence the fine scorn for "quantity" on the part of one who thinks the only reform we need is to lessen the "quantity" of one kind of currency and increase the "quantity" of another, is misplaced.

In the points mentioned, Mr. White's book hardly strikes the high key of oracular deliverance on the financial needs of the hour, though this is the theme to which it is addressed. It

is, however, the meatiest and pithiest, and one of the most instructive works, yet written on the details of American finance. Notwithstanding we hold it to be a mistake to attach ethical blame to those who use paper money of a poor kind because they cannot get hold of gold, silver or good bank notes in the quantity they actually need, yet we are no less sensible of the large value of truth and wisdom involved in Mr. White's tone. He writes to-day. His tone is the natural reactionary tone of to-day. Were he in the midst of the events which forced on others the issues of fiat money which he condemns, he would not "knuckle in the fight" rather than send out the rag paper. It had its constructive aspect when it was done which those who rail against it forget.

Destructive criticism, the puncturing of popular but delusive nostrums, is useful, but not of the highest use. There comes a time when the twenty-story house that once was thought visionary must be built. It will rise in all the security, light, and beauty of architectural affluence which is synonymous with the highest economy of space, time and force. The creation of a perfect banking system for America is not a more visionary project to-day than the abolition of slavery seemed in 1856, the subjugation of the seceding States in 1861, the restoration of protective tariff for thirty years in 1857, or the enfranchisement of the black race in 1867. Faith that what man has done man can outdo, is the divine fire by whose inspiration the frozen music of the solid edifice rises into the permanent grandeur which is always due to the enduring and well conceived. The finances of the country have reached this building period. To take part in the public exigency we must be builders ourselves, even under penalty of being thought blunderers. High above all other structures, whiter in its marble beauty because grander and more far-reaching in its influence for good than any other, should rise our temple of finance.

### Is the Duty Added to the Price?

In commenting upon the Dingley Revenue Bill in our last issue, we called attention to the fact that it continues the idea of a compensatory duty on wool to manufacturers. We suggested that this was based upon the unsound assumption that the entire duty is added to the price which the manufacturers have to pay for the domestic product. Not that the protection to manufacturers was too high, but that it is an economic error to place part of the duty as compensation for the tariff on raw wool when it is really needed as protection for manufacturers *per se*. Nor that this really makes any particular difference in the actual working of the tariff so long as it is in operation, but when a change of the tariff is made and it takes the form of free wool, it necessarily carries with it the compensatory duty added on manufactured products. If the duty is not all added to the price, then the removal of the compensatory duty, with the abolition of the tariff on wool, works a great injury to wool manufacturers, because it takes from them a portion of the protection which the industry needs, independently of any influence of the tariff upon raw material.

Much of the injury inflicted on wool manufacturers by the Wilson bill came this way. The 11 cents a pound duty on wool amounted to 22 cents on washed wool, 33 cents on scoured wool and about 44 cents on manufactured woolens. This was all taken away when wool was put on the free list, on the assumption that no part of it was protection to the manufacturers, but that it was mere compensation for the duty put on wool, hence to the extent that the duty was not added to the price, the repeal of the wool duty was a real reduction of the protection to manufacturers. In our comments on the Dingley bill, we ventured to criticise this idea, and suggested that when a comprehensive revision of the tariff is undertaken in 1898, the whole subject be treated on a strictly economic basis and that protection be given as protection, and then it cannot be taken away under cover of free raw materials.

To this view Mr. S. N. D. North, secretary of the National Association of Wool Manufacturers, takes exception, and writes us the following letter, in which he stoutly maintains, with Grover Cleveland and free traders generally, that the whole

amount of the duty on imported wool is added to the price of the domestic product:

BOSTON, January 14, 1896.

*Editor Gunton's Magazine:*

I am amazed to read the following statement in your January issue, in the article commenting upon Mr. Dingley's deficiency revenue bill:

"It will be observed that the new bill perpetuates the heresy that the full amount of the duty is added to the price, by providing a compensatory duty on manufactured woolens equal to the duty on raw wool. Every manufacturer knows that the price is not increased by the full amount of the duty; it was not under the McKinley Bill nor under any other bill, and protectionists have denied right along that such is the case. This is a delusion, the acquiescence in which has done much to injure the cause of protection, and ought not to be recognized in any protection legislation."

The facts are exactly the reverse of your representation. "Every manufacturer knows" that the price of wool in this country is enhanced nearly or quite by the amount of the tariff duty upon it, and that it must continue to be so enhanced as long as the domestic supply of wool is inadequate, either in quality or quantity, to meet the requirements of domestic manufacturers. Moreover, the fact has been demonstrated by the most careful scientific investigation. I refer you to the report of the Senate Finance Committee on prices and wages for fifty years, published in 1892. You will find a full analysis of the findings of that report; so far as relates to the effect of the tariff duty upon the price of domestic wool, in the speech of Hon. Nelson W. Aldrich of Rhode Island, delivered in the Senate, June 15, 1894, a copy of which I send you herewith. Careful comparison of the London and American prices of corresponding grades of scoured wool, extending over the period from 1881 to 1892, has proved that during this entire period the American manufacturer paid an average price of thirty-two cents a scoured pound more than his English competitor for wool identically the same in quality and use. The wool duty was thirty cents per scoured pound by the act of 1883, and thirty-three cents per scoured pound by the act of 1890. The fact established by that investigation is within the knowledge of hundreds of domestic manufacturers accustomed to the use of both foreign and domestic wool; nor can you find one such manufacturer who will venture to dispute it. It is neither

a heresy nor a delusion; neither have protectionists "denied it right along." The speech of Senator Aldrich—the highest protection authority now in Congress—shows that they have been at pains to prove just the contrary of your assertion.

You say the price of wool was not increased by the McKinley law—having reference, no doubt, to the fact that the price of domestic wool fell steadily during the continuance of that law. If you will examine the table of comparative prices in the Finance Committee's report, you will find that domestic wool prices were higher after its passage, in comparison with foreign prices, than before, although the McKinley law only added one cent per greasy pound to the tariff. It is true that wool prices fell at home under that law; but they fell only in sympathy with the world's wool markets; and they were always, as they fell, higher than the prices in the world's wool markets, by nearly or quite the amount of the duty—always, that is, until the election of 1892 made free wool a certainty, and by destroying the manufacturers' demand, forced domestic wool prices down to the free-trade level some months prior to the actual passage of the tariff of 1894, in anticipation of the new values established by that act. I do not understand what you mean by the remark that acquiescence in this demonstrated fact—which you call a "delusion"—"has done much to injure the cause of protection." Protection cannot shirk facts, or distort them, or misrepresent them. The fact is, that a duty on wool increases the cost of wool, by substantially the amount of that duty, and must always so increase it until such time as it shall result in developing a domestic supply equal to domestic requirements. If that time ever comes, then it will be proven that wool is an article to which the protection logic applies—as experience has shown it to apply in so many other instances. In the meantime, any tariff which levies a duty on wool, without accompanying it by compensatory duties on woolens, will destroy the domestic wool manufacture. The facts above stated show why this must be so. Indeed, it has been already proven, for we have had tariffs that levied the same ad valorem duty on wool and on woolens, and so long as they existed, the wool manufacture went surely and steadily down. The truth is, that the compensatory duties on woolens fixed by all protective tariffs since 1861, while they have been scientifically calculated,

and are nominally fully compensatory, have not been found, in practical experience, a full offset, as they were intended to be, for the denial of free wool. I will not burden you with the reasons why this is so; some of them must be apparent to every one familiar with the phenomenal development of the wool industry, in the last quarter century, in the countries of the southern hemisphere, and the enormous variety of cheap and useful wools of heavy shrinkage, which have in consequence been placed at the command of our foreign competitors. Seven years of my life have been largely devoted to the study of this problem; and, speaking with a knowledge which, without immodesty, I may claim exceeds that of more casual students, I am convinced that the American wool manufacturers, when they consent to the restoration of a wool duty—as most of them do, cheerfully—make a sacrifice of personal advantage in the interests of the uniform and all-around application of the protective policy, for which the off-setting duties on woolens are but a partial and inadequate compensation. Your magazine has done such brave service for “the integrity of economic literature,” that I feel confident you will not deny me this brief hearing in its pages.

Very respectfully yours,

S. N. D. NORTH, Secretary.

In the hope of still further promoting “the integrity of economic literature,” we gladly give space to Mr. North’s communication. In view of his high official connection with the wool industry, however, it is with no little diffidence that we venture to take exception to his conclusions. Yet, he makes some bold assertions which, if correct, had better be accepted once for all by tariff advocates, namely: (1) that the price of domestic products is increased by the full amount of the duty on competing imported products; and (2), that this “is neither heresy nor delusion; neither have protectionists denied it right along.”

Of course, we cannot insist that Mr. North knows that protectionists deny this, but we are quite sure that the mass of the readers of the daily papers know that during the last few years protectionist journals have persistently denied that the whole amount of the tariff is added to the price. Indeed, that has been the burden of the Tariff League literature and the Home

Market Club literature and Protectionist literature generally throughout the country since 1890.

But perhaps Mr. North did not intend to include anything in his statement but wool; that is to say that the doctrine that the price of domestic articles is increased by the full amount of the duty does not apply to manufactured articles, but only to raw material. If such is Mr. North's contention, then it is necessary for him to explain upon what principle a duty affects the price differently when put on raw materials than when put on manufactured articles. If Mr. North is correct, then Mr. Cleveland was right in his 6th of December message, and Lubinities are right in insisting that the farmers have to pay higher prices for their manufactured articles by the full amount of the protective duty eastern manufacturers receive; that the basis of the free-trade movement is correct, and that the denial of this fact by manufacturers and protectionists generally is so much political bluff. On the other hand, if the position of the protectionists during these years, that the domestic products are not higher than the foreign by the full amount of the duty, there is something the matter with Mr. North's economics, unless, as we said, that wool is subject to an economic law all its own.

The question raised by Mr. North is largely a question of fact. If home products are enhanced by the full amount of the duty on imported competing equivalents, any theory to the contrary is fallacious. If the full amount of the duty is not added to the price, it is the function of economic science to explain how that comes about, but there is no field for the science until the facts are settled.

For the facts verifying his position, Mr. North refers us "to the Senate Finance Committee's report on prices and wages for fifty years, published in 1892," and to the figures used by Senator Aldrich in his speech in the Senate, June 15, 1894. We have gone carefully through the Senate report, Senator Aldrich's speech and several other documents, including the Wool Book, published by the "National Association of Wool Manufacturers," and several copies of the Manufacturers' Bulletin, edited by Mr. North, and were prepared to testify to Mr. North's accuracy, and make the proper apology for having been mistaken; but we regret to say that thus far the facts appear to be against Mr. North.

In the first place, we are unable to find, in any of the documents referred to, facts agreeing with the table of London prices given in Senator Aldrich's speech, and in only one place are we able to find the figures agreeing with the price given for Ohio fleece in the Senator's table; but we find several tables in the Finance Committee reports and other documents that materially differ from these.

The domestic and foreign wools usually taken for comparison as being most nearly equivalents in quality, and most largely substituted for each other in manufacture are for American Ohio XX, and for foreign Port Phillip fine. From the Wool Book, which, as we have said, is the official publication of the National Association of Wool Manufacturers, we get the following table of prices for Ohio and Port Phillip fleece, washed.\* The prices of the Port Phillip fleece are taken from the London prices, given on page sixty-eight in the Wool Book, which gives the price each year in English money, from 1872 to 1891, inclusive; and is confirmed by the Senate's Report, Vol. I., page 237, which contained the London prices in English and American money for every year from 1846 to 1891. The table is as follows:

	AMERICAN.	ENGLISH.	DIFFERENCE.
1881.....	47 cents.	39.5 cents.	7.5 cents.
1882.....	44 "	40.0 "	4.0 "
1883.....	40 "	38.5 "	1.5 "
1884.....	40 "	37.0 "	3.0 "
1885.....	34 "	33.5 "	0.5 "
1886.....	35 "	31.4 "	3.6 "
1887.....	33 "	31.9 "	1.1 "
1888.....	31 "	31.9 "	0.9 "
1889.....	34 "	35.5 "	1.5 "
1890.....	33 "	32.4 "	0.6 "
1891.....	33 "	29.9 "	3.1 "
Average Difference.....			2.04 cents.

†The dagger indicates that the domestic prices were lower than the foreign.

\* By washed wool is meant wool that is washed on the sheep's back before shearing, and by scoured is meant wool that is cleaned by a chemical process after shearing. The shrinkage in Ohio wool by scouring is from fifty to fifty-five per cent.; in Port Phillip and Sydney wool it is usually a little more, being from fifty to sixty per cent.

From 1881 to 1889 the duty on unwashed wool was 10 cents a pound; under the law of 1890, it was 11 cents a pound; on washed wool it is double, and on scoured it is treble; so that on the wool represented in the table, down to 1889, inclusive, the duty was 20 cents a pound; and in the last two years, 1890 and 1891, the duty was 22 cents a pound. If Mr. North's contention is correct, then the American wool should be from 20 to 22 cents a pound higher than the English wool; whereas the figures show that for the whole period it only ranged 2.04 cents a pound higher.

In other words, instead of the price of the domestic wool being increased by the full amount of the duty, it was only increased about one-tenth the amount of the duty. Before passing from this point, we may add that the table from which the American prices were taken gives the price of Ohio fine for the first day of January, April, July and October for each year, respectively. We took the January, which is the highest of the four. If we had taken the average of the whole four, which is the average for the year, as is represented by the English figures, the difference would have been less than two-thirds of a cent a pound, instead of from 20 to 22 cents a pound.

In order to test the matter in another way, we have also compared the price of medium Ohio fleece, scoured, with the price of the entire amount of the wool imported for consumption of first and second class, the result of which is given in the table below. In this table the facts for the domestic wool are taken from the Senate Report, Vol. II., page 171. (This table is credited to Mr. North.) The facts for the foreign wool are taken from a table given by Mr. North in his Bulletin of the National Association of Wool Manufacturers, Vol. XIX., number 2, 1889, page 134.

This table contains the amount and value of wool imported, with the invoiced price and the amount of duty collected. The wool in this table is reported unwashed. We have therefore reduced it to scoured, by the schedule of shrinkage given and the rule applied as officially laid down in the Manufacturers' Wool Book, with the following result:

	MEDIUM OHIO SCOURED.	FOREIGN SCOURED.	DIFFERENCE.
1881 .....	72.75 cents.	62.00 cents	10.15 cents
1882 .....	72.00 "	58.00 "	14.00 "
1883 .....	67.75 "	56.00 "	11.75 "
1884 .....	59.00 "	55.03 "	3.07 "
1885 .....	53.00 "	56.00 "	* 3.00 "
1886 .....	57.00 "	47.00 "	10.00 "
1887 .....	61.00 "	49.00 "	12.00 "
1888 .....	54.75 "	52.03 "	2.45 "
Average difference.....			7.6 cents

\* The star indicates that the domestic price was lower than the foreign.

It will be observed that this table is from 1881 to 1888, and that the facts for the foreign wool are taken from a table including all wool of first and second class, which would tend to give a much lower foreign price than by taking Port Phillip or any high grade exclusively, and still the difference between the foreign and the American price only averages 7.6 cents a pound, whereas the duty was 30 cents a pound, showing that the price is not increased by the full amount of the duty, but only by less than one-fourth the amount of the duty. These facts confirm our previous investigations upon the subject, and are in accord with the generally accepted doctrine of protection, that duties on imports do not increase the price of home products by the full amount of the duty.

### Sherman and Cleveland on Finance.

SENATOR SHERMAN is the recognized financial leader of the Republican party. He has had half a century's experience in public life, which includes several terms in both Houses of Congress, a position in the Cabinet and four years Secretary of the Treasury. He is regarded as one of the best informed men in the country on the facts and workings of our revenue and currency systems. Therefore his recent speech in the Senate, criticising the President's message relating to the condition of our revenues and the character of our currency, may very naturally be looked to as an important document, in the present condition of the nation's affairs.

It will be remembered that Mr. Cleveland took especial pains to show that our industrial and financial disturbance was not due to the lack of currency, but is wholly attributable to the defective character of our currency. From reading the message, it would be difficult to get any other impression than that the McKinley Tariff Law failed to furnish sufficient revenue, while the Wilson Bill was adequate to the revenue demands of the country. He says: "By command of the people a customs revenue system designed for the protection and benefit of favored classes at the expense of the great mass of our countrymen, and which, while inefficient for the purpose of revenue, curtailed our trade relations and impeded our entrance to the markets of the world, has been superseded by the traffic policy, which in principle is based upon a denial of the right of the government to obstruct the avenues to our people's cheap living, or lessen their comfort and contentment for the sake of according special advantages to favorites, and which, while encouraging our intercourse and trade with other nations, recognizes the fact that American self-reliance, thrift and ingenuity can build up our country's industries and develop its resources more surely than enervating paternalism."

He then presents at great length the working of the greenbacks upon the government holdings of gold, claiming that so long as they are out they constitute an endless chain by which gold can be drawn from the treasury and the government compelled to borrow gold, on which it pays interest to redeem the greenbacks, and still they remain unredeemed. He says: "The government was put in the anomalous situation of being forced to redeem without redemption and to pay without acquittance. \* \* \* In other words, the government has paid in gold more than nine-tenths of its United States notes and still owes them all. It has paid in gold about one-half of its notes given for silver purchases without extinguishing by such payments one dollar of these notes."

Senator Sherman presents the case from the opposite point of view. He endeavored to show that the exact reverse of Mr. Cleveland's presentation is true, namely: that our industrial and financial disturbance is all attributable to a deficiency in the revenue, and not to the character of our currency.

In presenting the revenue side of the question he says:

"The President is supported in these views by Mr. Carlisle, his able Secretary of the Treasury, in his report to Congress. It is with diffidence I undertake to controvert their opinions; but my convictions are so strong that they are in error that I hope the strength of the facts I will submit to the Senate will convince it that the true line of public policy is to supply the government with ample means to meet current expenditures, and to pay each year a portion of the public debt. The gold reserve provided for the redemption of United States notes can then be easily maintained without cost except the loss of interest on the gold in the Treasury, but with a saving of interest on United States notes and Treasury notes of five times the interest lost by the gold held in reserve. A vastly greater benefit than saving interest is secured to our people by a national paper currency at par with coin supported by the credit of the United States and redeemed on demand in coin at the Treasury in the principal city of the United States.

"The only difficulty in the way of an easy maintenance of our notes at par with coin is the fact that during this Administration the revenues of the government have not been sufficient to meet the expenditures authorized by Congress. If Congress had provided necessary revenue, or if the President and Mr. Carlisle had refused to expend appropriations not mandatory in form, but permissive, so as to confine expenditures within receipts, they would have had no difficulty with the reserve. This would have been a stalwart act in harmony with the President's character, and plainly within his power. All appropriations which are not provided to carry into effect existing law are permissive, but not mandatory, and his refusal to expend money in excess of the revenues of the government would not only be justified by public policy, but would have been heartily approved by the people of the United States. He knew as well as anyone that since the close of the Civil War to the date of his inauguration, the expenditures of the Government had been less than its receipts. I have here a table which shows the receipts and expenditures each year from 1866 to 1893:

*Receipts and Expenditures of the Government from July 1, 1865, to June 30, 1895.*

Fiscal year.	Total revenue.	Total expenditures, including premium.	Excess of revenue over expenditures.
1866.....	\$558,032,620.06	\$520,809,416.99	\$37,223,203.07
1867.....	490,634,010.27	357,542,675.16	133,091,335.11
1868.....	405,638,082.32	377,340,284.86	28,297,798.46
1869.....	370,943,747.21	322,865,277.80	48,078,469.41
1870.....	411,255,477.63	309,653,560.75	101,601,916.88
1871.....	383,323,944.89	292,177,188.25	91,146,756.64
1872.....	374,106,867.56	277,517,962.67	96,588,904.89
1873.....	333,738,204.67	290,345,245.33	43,392,959.34
1874.....	289,478,755.47	287,133,873.17	2,344,882.30
1875.....	288,000,051.10	274,623,392.84	13,376,658.26
1876.....	287,482,039.16	258,459,797.33	29,022,241.83
1877.....	269,000,586.62	238,660,008.93	30,340,577.69
1878.....	257,763,878.70	236,964,326.80	20,799,551.90
1879.....	273,827,184.46	266,947,882.53	6,879,300.93
1880.....	333,526,610.98	267,642,957.78	65,883,653.20
1881.....	360,782,292.57	260,712,887.59	100,069,404.98
1882.....	403,525,250.28	257,981,439.57	145,543,810.71
1883.....	398,287,581.95	265,408,137.54	132,879,444.41
1884.....	348,519,869.92	244,126,244.33	104,393,625.59
1885.....	323,690,706.38	260,226,935.11	63,463,771.27
1886.....	336,439,727.06	242,483,138.50	93,956,588.56
1887.....	371,403,277.66	267,932,179.97	103,471,997.69
1888.....	379,266,074.76	267,924,801.13	111,341,273.93
1889.....	387,050,058.84	299,288,978.25	87,761,080.59
1890.....	403,080,982.63	318,040,710.66	85,040,271.97
1891.....	392,612,447.31	365,773,905.35	26,838,541.96
1892.....	354,937,784.24	345,023,330.58	9,914,453.66
1893.....	385,819,628.78	383,477,954.49	2,341,674.29
1894.....	297,722,019.25	367,525,279.83	*69,803,260.58
1895.....	313,390,075.11	356,195,298.29	*42,805,223.18

\* Excess of expenditures over receipts.

"From this official statement it appears that each and every year during that long period there was a surplus, which was applied to the reduction of the public debt bearing interest. This debt amounted August 31, 1865, to \$2,381,530,294. On the 1st of March, 1893, it was \$585,034,260, thus showing a reduction of the interest-bearing debt of \$1,796,496,034. The public faith was pledged to this reduction in our loan laws, and by the act creating a sinking fund, and, though in some years we did not comply with the terms of the sinking fund, yet in other years we exceeded its requirements, and prior to this Administration the aggregate reduction of debt was greater than the law required. Now, for the first time since 1866, we

have deficiencies of revenue. Since the first of March, 1893, to the 1st of December, 1895, the national debt has been increased \$162,602,245. I insert an official table showing in detail the reduction of the public debt in periods of four years from August, 1865, to March 1, 1893, and its increase from that date to December 1, 1895:

*Decrease of the National Debt from its highest point, August 31, 1865, to December 1, 1895.*

Periods.	Total.	Decrease.	Increase.
August 31, 1865.	\$2,844,649,626.56	.....	.....
March 1, 1869...	2,564,219,134.14	\$280,430,492.42	.....
March 1, 1873...	2,160,270,649.23	403,948,484.91	.....
March 1, 1877...	2,095,066,632.11	65,204,017.12	.....
March 1, 1881...	2,021,419,850.18	73,646,781.93	.....
March 1, 1885...	1,541,257,867.93	480,161,982.25	.....
March 1, 1889...	1,199,809,418.73	341,448,449.20	.....
March 1, 1893...	963,281,752.63	236,527,666.10	.....
March 1, 1895...	1,068,610,527.18	.....	\$105,328,774.55
Dec. 1, 1895....	1,125,883,997.90	.....	57,273,470.72
Total.....	.....	1,881,367,873.93	162,602,245.27
Net decrease..	.....	1,718,765,628.66	.....

"The President, in his recent annual message, complains that the law of October 6, 1890, known as the McKinley Act, was "inefficient for the purposes of revenue." That law, though it largely reduced taxation by placing many articles on the free list and granted a bounty for the production of sugar, yet did not reduce revenues below expenditures, but provided a surplus of \$37,239,762.57, June 30, 1891, and \$9,914,453.66, June 30, 1892 and \$2,341,674.29 on the 30th of June, 1893, when Mr. Cleveland was President, and a Democratic majority in both Houses of Congress had been elected, all pledged to repeal the McKinley Act and to reduce duties. The President makes no mention in his message of these deficiencies; no mention of the issue of interest-bearing bonds to meet them. The Secretary of the Treasury is more frank in his statement. He reports a deficiency of \$69,803,260.58 during the fiscal year ending June 30, 1894, and for the year ending June 30, 1895, \$42,805,223.18, and for the six months prior to December 1, 1895, \$17,613,539.24; in all \$130,221,023.

"No complaint was made that the McKinley law was 'inefficient for the purposes of revenue' when the Wilson Bill was pending. The objection to the McKinley law was that it was a 'protective tariff' and the Wilson bill was a 'revenue tariff.' I have a statement showing the receipts and expenditures under each law, each month—the McKinley law, from its passage, to the election of Cleveland, and the Wilson law, from its passage, to December 1, 1895. During the twenty-five months of the McKinley law, the average monthly surplus was \$1,129,821. During the existence of the Wilson law, the average monthly deficiency of \$4,699,603. If the McKinley law was, in the opinion of the President, inefficient for revenue, he should have said of the Wilson bill that it was bounteous in deficiencies."

It would be difficult to imagine a more conclusive statement of the case than is here presented by Senator Sherman, so far as the revenue effects of the two tariff laws are concerned, and also of the effect of the new tariff law as the real initial cause of the business and financial disturbance from which the country has suffered in the last three years. In the light of the facts presented by Mr. Sherman, it is difficult to resist the conviction that partisan politics, rather than frankness, accuracy and national welfare prompted the President's utterances.

When we pass from the subject of deficiency to that of reform in the currency, Mr. Sherman seems to be laboring under much the same difficulty that affected Mr. Cleveland on the revenue question. His defense of the greenbacks appears to have the same quality of special pleading that characterized Mr. Cleveland's attitude on the deficiency-creating tariff bill.

Mr. Sherman's criticism of Mr. Cleveland's "endless chain statement" that the government "was forced to redeem without redemption and to pay without acquittance," is well taken. Of course, it is true, that when the government gives gold for greenbacks, the demand of the holder of the note is completely satisfied and the government is acquitted of obligation, and it never re-issues the greenback, except to obtain an equivalent; in other words, to obtain for it what it would obtain for gold. That is to say, when it pays the note, it cancels the debt and when it re-issues the note, it creates a new debt, and for Mr.

Cleveland to say that it "redeems without redemption" and "pays without acquittance," is simply substituting rhetoric for fact.

Despite his reverence for the greenbacks, Mr. Sherman is forced to admit that reform is necessary to prevent them from perpetrating the havoc on the gold reserve that they have been working for a year past. He proposes that the gold redemption fund of a hundred millions should be segregated by law from all other revenues, and be usable for no other purpose than redemption of the greenbacks, and that "notes (greenbacks), once redeemed should only be re-issued for gold coin, and such re-issues should be mandatory when coin is deposited in the treasury."

To forbid the re-issue of greenbacks except in exchange for gold coin, concedes the whole complaint against the greenbacks. If this proposition were carried out, it would practically convert the greenbacks into gold certificates. They would cease to represent the credit of the government and become representatives or certificates of gold deposits. To the extent that this were done, it would create a contraction of the currency, or else involve the issue of bonds, to borrow the gold to replace them. So far as it goes, this is exactly what Mr. Cleveland proposed, except that he proposed the borrowing of enough to retire the whole greenbacks, whereas, Mr. Sherman only proposes to borrow the necessary amount to redeem what comes in. For cancellation is what it is, since they could not be reissued, except as certificates of coin deposits.

How much stronger Mr. Sherman's criticism of Mr. Cleveland's partisan argument on the revenue effect of the tariff law would have been, if he had risen above that method himself in treating the currency. Had he permitted the spirit of the statesman and financier to rise above that of the party champion and frankly recognized the force of Mr. Cleveland's criticism upon the currency, his speech would have been a masterly presentation of the subject, and greatly added to Mr. Sherman's reputation as a national statesman.

If Mr. Sherman had frankly admitted that much of Mr. Cleveland's charge against the greenbacks was well founded, he would have been free to propose a comprehensive and efficient remedy, commensurate with his reputation as a financier. This

would have made unnecessary his tinkering, makeshift amendments to render the greenbacks harmless by practically converting them into gold certificates. The truth is that on the revenue effect of the new tariff bill and the industrial effect of the Wilson bill, Mr. Cleveland is a prejudiced, partisan witness, and his reasoning is narrow and undignified, and Mr. Sherman's reply on that point is masterly and conclusive.

On the currency Mr. Cleveland is substantially right. His demand for the retirement of the greenbacks, and his suggestion to encourage a branch banking system, and a flexible banknote currency with coin redemption, is in the direction that banking and currency reform must be sought if we are ever to have a sound, flexible, cheap banking system. It is bad politics as well as bad statesmanship to refuse to recognize a correct idea because it comes from the opposite party.

When the greenbacks were created, they were among the chief means of saving the nation, and the Republican party is entitled to all the credit of creating them. They have now outlived their usefulness, and like all antiquated instruments have become a hindrance instead of a help to our fiscal system. The same wise statesmanship that created them when they were needed should be ready to retire them now that they are not needed. If the popular prejudice in favor of the greenbacks is too strong for a comprehensive reorganization of our banking system which shall retire them all at once, the attempts at money reform should at least be in that direction. Then, with each step in fiscal reform, we shall move towards a monetary system in which the Government shall be out of the banking business and responsible only for its own obligations, the paper currency shall be issued only by the banks subject to constant coin redemption, and the volume of the currency be free to expand and contract according to the business necessities of the nation.

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### Chartism: Its Character and Influence.

THE Chartist movement, now an almost forgotten chapter in English history, was, after all, one of great political significance, and by no means fruitless. For ten years it absorbed public attention and menaced the public peace. At times it seemed likely to result in an uprising of the prolétaire against

the then existing political and social institutions of the kingdom. It attests the truth, that popular discontent and disorder are symptoms which can never be safely disregarded. In fact, it may now be accepted as a truism, that political agitation is formidable only to the extent that what it demands is feasible. Whenever any honest attempt is made to deal with popular grievances, that moment they are deprived of any real public danger. The saying found in Sully's memoirs, the history of human progress confirms—"that revolutions come to pass in great states, not as the result of chance, nor of popular caprice. As for the populace, it is never from a passion for attack that it rebels, but from impatience of suffering."

The Chartist movement was, as a matter of fact, in its origin and aim economic. Its leaders had before them a plan of social and industrial amelioration. Then it had behind it much genuine enthusiasm, as well as intelligence. Its appeal was naturally addressed largely to the feeling of discontent and distress at the time of its birth so widely prevalent, and therein lay its chief strength. Furthermore, it should be clearly recognized by students of this singular movement, that Chartism was a *consequence* rather than a *cause*; it was the expression of deep resentment and revolt against a most oppressive industrial condition. The toiling masses were poor, they were overworked, they received less than a living wage and their life was unutterably wretched. They therefore joined in the Chartist agitation, believing that thereby would come betterment to their present promiseless and intolerable condition. Of course, selfish politicians, as they always have done, availed of the movement to foist themselves into prominence, yet it cannot be denied that for the most part those identified with the movement were sincere in their advocacy of it, and many sacrificed everything, even life itself, in its behalf. The *personnel* of some of its leaders was remarkable, and this lends to its history a pathetic interest. It is a sad but now admitted fact that the progress of industrial reform has been slow and painful, and on its banner are the names of brave and brilliant advocates, and even of noble martyrs.

Three circumstances may be said to have aided in developing the movement in question: First, was the general commercial and industrial distress. The Victorian period, it should

be remembered, began amid threatening social conditions. Popular education had been little regarded, and, so far as the state was concerned, it was practically ignored. The laws of political economy were known and appreciated by comparatively few, while the general attitude was one of suspicion. Second, was the introduction of machinery, which brought with it the modern factory system. This, under the doctrine of *laissez faire*, wrought at first disastrously. The greed of capitalists, the ghastly sufferings of those employed in the mills, is one of the shamefullest and saddest chapters in the domestic annals of England. The first of the Factory Acts had been passed by Parliament, despite a most bitter opposition, and they were the first successful efforts to secure legislation for the benefit of the laboring classes. This was also the first effective blow dealt that school of political economists who opposed all State intervention to protect working men and improve their condition. Third, was the popular antagonism to the Poor Law of 1834.

One of the immediate antecedents of the Chartist uprising was the Henry Hunt movement, which began in 1819, and became memorable through the Peterloo massacre in Manchester, August 16th. The aim of this was to secure annual Parliaments, universal suffrage and the repeal of the Corn Laws. There was a wide and determined agitation kept up until the death of its leader, in 1835.

Another antecedent of the Chartist movement, and that which directly led up to its organization, was the Reform Bill of 1832. While this was largely a class measure, and by its concessions probably averted an else inevitable revolution, it did not go far enough. Moreover, it was a cruelly deceptive measure; for while it was carried by the agitation of the workingmen, it was found finally not only to have left them in the lurch, but practically to have improved in no particular their political condition. It conferred on them no political emancipation, and when this was discovered, the exasperation was general and deep. The bill benefited the middle classes, and to that extent abridged the monopoly which the aristocracy and landed classes had hitherto enjoyed. The working classes, however, were left wholly without the franchise. When Lord John Russell, to the appeal of some Radicals in Parliament for fur-

ther extension of the right of suffrage, made his celebrated finality declaration, "that Parliamentary reform closed with the Reform Law of 1832," immediately the Chartist movement succeeded to the Reform agitation. For the first time in the history of the working class, laboring men separated from other social classes and formed their own political party. This was really the genesis of the social democracy. It was the birth-time, too, of telling phrases which thrilled the popular hearts and stood for great realities. One of these was, "The Revolution," which to John Stuart Mill seemed meaningless, because he was unable to see what the people found in it, viz., the overthrow of Absolutism. So with such watchwords as "The Rights of the People," "The Rights of Labor," etc., they served a good purpose, and now point the progress made in the evolution of democracy. No better or more fitting title could have been given this new movement than "The People's Charter," from which comes the abbreviated name chartism, by which it is known in history. It was the unconsciously felicitous christening given by O'Connell, who drew up the programme, and, handing it to the secretary of the Workingmen's Association, said, "Here is your charter; agitate for it, and never be content with anything less." The immediate constituency behind this at first really formidable movement was strikingly diverse. First, was the Workingmen's Association of London, whose aim was educational and moderate. Next, came the Birmingham Political Union, unstable in its make-up, and in sympathy with the currency scheme of Mr. Attwood, and eager for some sort of industrial amelioration. Then there were the three unions of the North, under the leadership of Fergus O'Connor, the membership of which was active and even violent in their opposition to the new factory system, and also to the application of the Poor Law. These various bodies now were consolidated into a National Convention, which by concerted action hoped to force Parliament to heed their proposals. The method pursued, and, indeed, the only one open to them, was public agitation. This was pursued on a most extensive scale, and with a vehemence sometimes passing into violence, which soon compelled the public and the Government to regard it. Leaders came to the front from the ranks of the workingmen of commanding *personnel*, and the whole of England was speedily in a blaze of ex-

citements. Monster meetings were convened at influential centers, while lesser gatherings were made the means of rousing the masses and combining them in earnest agitation for the ends in view. Of course, a colossal movement like this would soon develop diverse tendencies. There was the political wing, clamoring for the suffrage and immediate representation in Parliament that would secure political power, and with this was allied the Social Chartists, who hated "the bread tax."

Besides these were the Chartists of discontent who came into the movement because, anything would be better than their present wretched state. These represented the lowest strata of the laboring population, to whom the promise of the benefits inherent, as was claimed in "the charter," seemed like a new gospel.

"Chartism, my friends," cried a leading orator at Kersall Moor, the *Mons Sacer* at Manchester, "is no political affair in which the question is whether you obtain the right of suffrage; chartism is a knife-and-fork question; it means good dwelling-houses, good eating and drinking, competency and a short day's work." This was the doctrinaire view, but it took hold of the masses.

Looking carefully for a moment at this so-called "Peoples' Charter," it has little in it that is formidable; almost nothing that to us seems even strange. We have lived up to all that it demanded and more, too. Scan its six points and they astonish us by their reasonableness; aside from the question, whether if then realized they would have at once improved the status of the laboring classes.

Manhood suffrage stood first, next followed annual Parliaments, third was vote by ballot, then came the abolition of the property qualification, fifth was the payment of members of Parliament, and last the division of the country into equal electoral districts. This was Chartism's programme, about the discussion of which, now, you could hardly arouse enough diversity of opinion to make it lively, much less precipitate a great nation into the throes of domestic revolution. But such great movements, with all the passions they awakened and bloody encounters they produced, indicate the onward march of the people, the widening area of liberty, and the improvement in the industrial condition of laborers.

We will not dwell on the agitation maintained at red heat for nearly a decade, of the unparalleled numbers that came together to be inflamed by the frantic language of those who addressed them, nor speak of the conservative friends of the movement, like Kingsley and others of his ilk, who surrounded it with a halo of romance. Nor is there room to mention the many eccentric and brilliant leaders, who, devoted to the movement their scholarship and their eloquence, and in its behalf sacrificed comfort and social preferment, and braved death itself. There was the unique Fergus O'Connor, who edited the *Northern Star*, the chief organ of the Chartists, and which was read aloud on the moors and to groups in the cabins of the poor, and in this way reached an immense multitude. He was a man of commanding presence, came of a good family, and possessed a kind of eloquence which captivated the masses. It was O'Connor who started the land scheme, by means of which he hoped to make his followers landowners, and so voters. It was a visionary scheme, and though it prospered for a while, like other projects of his and his associates, failed through popular distrust and the attacks made upon it by those opposed to the Chartist movement. O'Connor was a conspicuous opponent of the Anti-Corn Law League, as were his followers. This grew out of the belief that the repeal of the Corn Laws meant not only cheaper bread, but cheap labor. Besides, the Chartists felt that the middle classes, who favored the Reform Bill and were now agitating for the repeal in question, had been false to them, and so they took the opposite in order to punish them. O'Connor managed to get into Parliament, where he proved an unreliable leader, and ended his career by becoming insane.

Henry Vincent brought to the movement an unimpeachable character and marked ability as a popular speaker. The attempt to rescue him from the prison in Newport, Wales, was one of those episodes which enabled the government to charge the Chartists with the scheme of organized rebellion.

Ernest Jones deserves mention for his devotion to the cause. He was a scholar and a gentleman, and paid the penalty of his service to Chartism by being sentenced to death for high treason, which was subsequently commuted. Jones continued identified with reform agitation along the lines of the Charter until 1870.

In a test election to experiment with the secret ballot in Manchester, he was the Radical candidate for Parliament, and was elected, but died in less than an hour after receiving the news of his success. So passed away the last of the Chartists, his sudden death being occasioned by a cold contracted by his labors in the campaign.

Thomas Cooper, the venerable poet of Chartism, has, through his autobiography, preserved, more than any one else, its inward history, describing the passionate enthusiasm which animated its followers, and the bitter sufferings and cruel persecutions encountered by the stout-hearted workingmen who with such lofty hopefulness espoused the movement.

O'Brien was amongst the most advanced in his view of any of the Chartist leaders, and though socialistic in aim, did not confuse that with industrial retrogression, as did some of his associates. He seemed to be feeling about for a new social organism, for he saw the trials to which the working classes were being subjected, and felt that they were too sore for human endurance.

These are but a few of the apostles of Chartism who went among the people and began to speak to them of the new Gospel and acquaint them with the promises of the Charter and all the benefits that would accrue from it. In addition there was a vast literature of Chartist newspapers, which touched the popular heart and kindled great expectations.

Only after the movement had spent itself was it possible to do justice to the high character, the lofty aims and varied gifts of the better class of Chartist leaders. These deplored the violence counseled by the ranting mob orators, and they mourned over the miseries of those led astray by mercenary delegates. But they did more; they established schools, institutes, lecture and reading rooms, and sought in every way to inculcate knowledge, for they were the heartiest and truest advocates in Britain of popular education. Of course, there was a two-fold side to Chartism. With the noble purpose and unselfish heroism of some was blended the fanaticism and ignorance of others essaying to be leaders of the people, for there were two clearly defined parties—the Chartists of physical force, and the Chartists of moral force. Revolutionary demagogues and wise-headed and large-hearted leaders were to be seen side by side, each in

their own diverse way urging on the same movement, while the severe measures adopted by the government only intensified the hatred of the latter by the burdened masses, who fondly believed that the Charter would, when granted, usher in their millenium. England was divided into practically two nations by this unprecedented agitation, the rich and the poor, each hating and at the same time fearing the other.

The final collapse of the movement came April 10, 1848, when, after a great meeting on Kensington Common, it was proposed to march to Parliament carrying the monster petition in behalf of the Charter. Great apprehension was felt by the Government, and the defense of London was committed to the Duke of Wellington. The procession was abandoned, and the dreaded day passed without any outbreak. The great national petition, bound with iron hoops, and supposed to contain the signatures of 5,700,000 persons, was carried like a coffin into the House of Commons, and presented formally by Fergus O'Connor.

By expert examination, officially made, the signatures, it was reported, were far less in number than had been represented and some of these, it was stated, appeared to be forgeries. This must be taken with considerable allowance, and comes from an unfriendly source. It should be borne in mind that very few of the working men could write, and their illiterate condition was due to the neglect of popular education by the government. Those who circulated the petition had to sign for the vast majority who heartily favored the Charter, and were ardent supporters of the movement. The petition, at all events, represented the feeling and views of the toiling masses of Great Britain.

With this seemingly unfortunate exhibit, which the Tory leaders did their best to belittle, the Chartist movement concluded. The rank and file of those who had supported it, and from it hoped so much, feeling that they were betrayed or abandoned by their leaders, could not be rallied for further organized effort. Chartism ceased from this date to be a disturbing influence. The result produced a profound sensation on the Continent, as well as throughout the United Kingdom. It settled the question that the latter was safe from Revolution, and the object-lesson was one that made a salutary impression

everywhere. It will not, however, be fair to infer that this unique movement, with all its weird pageantry and final fiasco, was fruitless.

Chartism was one phase in the transition from the old to the modern industrial system. It was in itself a popular and persistent protest against the *laissez faire* doctrine. It was a passionate repudiation of the creed that labor is only a commodity, and the laborer nothing but its seller, and that the state must stand aloof from all meddling. The Chartist uprising aimed to secure for labor legislative protection, and was in the best sense socialistic. The opposition of manufacturers and of the Manchester School of Economists, which in the main provoked this movement, was met and vanquished. Among the results of Chartism was the famous ten-hour bill, passed in 1847, and similar protective measures, relating to different branches of industry. As an instance of the unreasonable and unintelligent opposition to the former on the part of one from whom a different spirit and attitude might have been expected, was John Bright's vehement denunciation of that bill, "as one of the worst measures ever passed in the shape of an act of legislature." In fact, it was the Chartist agitation which led to the rescue of the industrial classes from a cruel oppression, and an almost indescribable degradation. The Ricardian School of Economists have made an unseemly record, siding as they did with the manufacturers, and opposing the factory acts to the utmost of their power. The working classes learned through the educational influence of this agitation that their safety lay in such organizations as enabled them to secure political power and the relief that was imperative through state intervention. Then, in addition, it may be said that practically three out of the six points of the Charter are already part of the constitutional system of England, and it is not at all unlikely that a fourth point—that of dividing the country into equal electoral districts, will sooner or later be approximately adopted. With the improvement of the times and adjustment to the new industrial régime, Chartism disappeared. For it had done its work. It was more than a passing episode; it is rather an important chapter in the history of industrial evolution, the lesson and the results of which cannot safely be forgotten.

The improvement in English labor conditions was hastened,

if not secured, by the Chartist movement, and in consequence, the hatred excited against the existing order of society has largely disappeared.

This, too, is significant, that British working men again constitute the backbone of the great Liberal party. Then, in addition, the steady growth of trades unions, not legitimated till 1871, and of co-operative societies, is to be reckoned as the outgrowth of the Chartist agitation, while by it the laboring classes have been taught reliance and thrift, and to study more generally the economic conditions of industry.

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### Tariff Reductions and Fiat Money.

BY RAYMOND E. DODGE.

FOR THE Protection of American industries and the establishment of American Financial Independence of foreign banking institutions,

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a Bank of the United States of America shall be established, with a capital of one hundred millions of dollars, divided into one million shares of one hundred dollars each share. Four hundred thousand shares, amounting to the sum of forty millions of dollars, part of the capital of the said bank, shall be subscribed and be paid for by the United States, in the manner hereinafter specified; and six hundred thousand shares, amounting to the sum of sixty millions of dollars, shall be subscribed and paid for by individuals, companies, or corporations, in the manner hereinafter specified."

The incorporation of a great central organization under government control has become a national necessity for the defense of American financial and commercial interests, and to provide the means for armament when national honor demands extraordinary preparations to maintain its dignity. Legislative action in such a direction, too, means a notice to the world that the United States will have no more fiat money in its currency, and that the wealth of the nation would be a unit in the support of national credit.

That there is a necessity for the reorganization of the financial system of the Government in the direction indicated, is apparent to every man who has made a study of the business conditions of the country for sixty years past, as affected by legislation.

The financial condition of the Government is nearly as bad as it was before the Civil War. The political conditions of the country are as uncertainly indicated by party votes as previous to the election of 1869. Business is practically at a stand. Successive tariff reductions have decreased the revenues from customs duties or indirect taxes to the point that the ordinary operations of Government have become seriously embarrassed. To complicate and to increase national burdens, an enormous issue of Government paper money must be kept at par with gold under the present policy by the issue of bonds to the amount of nearly one hundred millions of dollars annually, with a consequent increase of interest charges as well as of the public debt in a time of peace.

So far as sound money is concerned, national banknotes have become a rarity in the ordinary operations of trade, silver money is locked up in Treasury vaults, and gold is either hoarded or exported. Under the weak and inefficient Sub-Treasury system, from one-fourth to one-third of the currency remains idle, without interest, and kept out of circulation in violation of all financial experience. The worst feature of the system is that, while the Treasury of the United States is compelled to furnish gold free of charge for the operations of trade with other countries, the only source from which it can replenish supplies without begging or borrowing is closed, through the fact that its receipts from customs duties are almost wholly in its own notes. Thus, Buchanan's administration finds a parallel in that of a Democratic successor, and nearly from the same causes.

Tariff and currency conditions have affected every American industry, and prevent a return of the prosperity which this country, by reason of its situation and natural resources, is entitled to expect from the policy of its executive and legislative officials. In view of the facts, it becomes necessary to ascertain the causes, and to indicate why it is believed that a reorganization of methods would be of value to the interests of the nation.

## TARIFF REDUCTIONS.

It is an undisputed fact that every panic recorded in American history has come through tariff reductions, complicated by unsound conditions of currency, including that of 1873. Thus the compromise tariff of 1833, aided by the destruction of the Bank of the United States, produced the panic of 1837. The tariff of 1846 and irredeemable state bank currency produced the depression of 1853-54. The wildcat currency led to a panic in 1857, which was precipitated by the tariff of that year. After the Civil War, tariff reductions and greenback inflation culminated in the panic of 1873. Precedents were so well established, that the result of the campaign of 1892, after the inflation of paper money in 1890, precipitated another cyclone of commercial destruction.

Since the close of the Civil War the tariff reductions have exceeded those of every decade save one in the history of the country. Under the mask of tariff reform the principles of Democratic free trade have succeeded in deluding the voters to an extent never accomplished in the days of Calhoun and Van Buren.

A study of tariff returns from 1821 to 1860 will show that, with the exception of the measures of 1833 and 1857, no schedules framed admitted over 20 per cent. of merchandise free of duty. Even the Walker tariff never exceeded 20 per cent. The Compromise tariff returns show 50 per cent. free, and that of 1857 30 per cent. During the war the free list ranged from 4 to 11 per cent.

The distress and depression under Democratic tariffs were due to the low rates upon merchandise which competed with American productions. Whenever Democrats controlled the Government, this destructive policy has borne the fruit of national disaster. Under Walker's schedules the average ad valorem rate never rose above 25 cent., and the duties under the Act of 1857 ranged below 20 per cent. Whig tariffs ranged from 30 to 50 cent. ad valorem.

The war tariffs imposed an average rate of from 33 to 48 per cent. ad valorem, and in that period American industries revived. As soon as the Democratic party regained strength and importance it resumed the attack upon domestic interests, and sought to depreciate national currency to the level of fiat

money, by attacking the national bank system. "Tariff Reform" and the "Money of the People" have succeeded as party cries to "Free Trade" and "Free Banking."

By 1873 nearly thirty per cent. of all imports were received free of duty to meet the demands of the tariff reformers. Under the tariff the list was increased to one-third of the total. With each reduction their demands were renewed, and the message of the President in 1887 but emphasized the clamor for relief from the alleged war taxes, even though the free list was as great as that of 1857. The verdict of 1888 was that the friends of protective tariff should revise schedules. The tariff of 1890 in its title declared that the act was to reduce revenues, and it increased the free list to over 55 per cent. of all received. It gave the leading industries protection, and increased the average rate only about 4 per cent.

Not placated by the increase in the free list, the reformers started in to strike down the few remaining remnants of protected schedules. The result of 1892 gave them the power, and ad valorem rates came down to 31 per cent. under the tariff of 1894. Thus, at one blow, the principal industries of the country, those which gave support to the great masses of the people in the Eastern States, were deprived of 38 per cent. of the protection afforded by the operations of the tariff of 1890. The free list was not materially changed, except as to sugar.

#### TARIFF REFORM'S BLIGHT.

Tariff.	Aver. Ad v. Duty.	Aver. Free List.	Tariff.	Aver. Ad v. Duty.	Aver. Free List.
1824.....	43	20	1861.....	48	11
1833.....	30	50	1870.....	41	30
1842.....	35	20	1883.....	43	33
1846 .....	25	20	1890.....	50	56
1857. ....	19	30	1894.....	31	48

The table shows the necessity of thorough tariff revision.

#### THE CURRENCY QUESTION.

The currency system of the United States in part seems to be based upon the assumption that the Sub-Treasury must perform the function of a great national bank without receiving any of the profits which accrue to an institution of that class. It is the function of government to coin money from metal, to

provide for a proper regulation of the currency and banks, but beyond such action, except in emergencies, no constitutional provision exists. As a war measure paper money was a necessity, from the fact that no great national bank was ready to support the government by advances of funds or to provide circulating notes. The suspension of specie payments was a natural result through unsound money conditions.

The Democratic party is primarily responsible for every inflation of paper money since 1836, in the destruction of the Bank of the United States as the national depository and redemption agency. If Andrew Jackson had been bribed to remove the deposits, he could not have more effectively served the purposes of English banking interests. In 1830 the capital of the Bank of England was \$65,000,000; United States Bank, \$35,000,000; Bank of France, \$18,000,000. Thus Jackson destroyed the competitor most feared by the Bank of England. His mad act left the country to financial vassalage and dependence upon foreign money lenders. It closed the only domestic source for the arrangement of national loans, and paralyzed American investments. For nearly a generation the country was practically a colonial appendage of England, though retaining an apparently independent form of government.

In the inflation which followed, all of the profits of the country, much of the wealth, and countless happy homes were swallowed up in the whirlpool of paper money. All of the treasure mined in California was lost in the export of metals. Revenues were paid in depreciated Treasury notes. The bonded debt of only \$328,000 in 1835 increased to \$90,000,000 by 1861. Treasury notes amounting to \$181,000,000 were also issued during the period.

Fiat money, wild-cat currency and tariff reductions broke down American industries, destroyed the Whig party, and created chaotic conditions of trade, which later disintegrated the Democratic party and made it possible to blot out slavery by a reorganization of political forces. History records that the Republican party succeeded by the adoption of measures which were denounced as impracticable by the older parties. Tariff duties were made payable in gold. National banks were established, and, to take the place of coin for the emergency, treasury notes, without interest or promises to pay, were issued for

the ordinary operations of trade. It was the only expedient possible in the absence of a great national bank.

That the greenbacks were not retired in 1878 was due to the influence of such Democratic leaders as John G. Carlisle, Richard P. Bland and Daniel W. Voorhees. Republicans were carefully wiping out the obligations when the fiat money men forced the reissue of legal tender notes.

With the exception of the Act of 1873, every measure tending to appreciate the power of gold has been enacted by Democratic Houses in Congress. Democratic policy has ever been to increase the use of credit money and to reduce the amount of redemption specie in circulation. This policy has made gold a commodity, depreciated silver, and thus forced *both* metals out of circulation. It is the use of paper money that has demonetized silver. If legal tenders were retired, the nation would be forced to re-establish a bimetallic standard. The advocates of silver prevent the appreciation of the white metal by insisting that paper representatives shall be issued to pay for deposits of silver bullion. These paper issues the national credit demands shall be kept at par with gold.

The policy of retaining in circulation the enormous issues of government promises to pay, held at par with gold by daily redemptions, has driven out of trade nearly all forms of sound currency. In 1878, government note issues did not exceed one-third of the currency. In 1895 they form nearly all circulation for trading purposes, and about 98 per cent. of all revenues.

The funds in Treasury vaults are not in circulation. The Sub-Treasury system holds out of circulation 30 per cent. of the whole currency, from the fact that it is not a banking institution. The same money deposited in banks would remove the system of contraction established by the Democratic party as the basis of a sound national currency.

For years the Sub-Treasury has drained annually from the people vast amounts of gold to furnish it free of expense to shippers. When that source was exhausted, it took gold from banks. When banks refused longer to furnish gold, the Treasury turned to foreign bankers and borrowed gold at interest to maintain the Democratic policy of fiat currency upon an alleged gold basis.

It is declared that the national currency is the best in the world, yet the Treasury is unable to maintain redemptions in gold without enormous annual loans, and the reissue of redeemed notes to meet other obligations. Greenbacks and Treasury notes payable on demand on January 1st amounted to \$484,452,296. The available reserve was only \$60,000,000.

The currency of the country on January 1, 1866, was shown to be:

ISSUES.	TOTAL.	TREASURY.	IN CIRCULATION.
Gold Coin.....	\$568,106,939	\$83,378,392	\$484,728,547
Silver Dollars.....	423,289,629	364,083,702	59,205,927
Subsidiary.....	77,182,006	12,764,321	64,417,685
Gold Certificates.....	50,099,889	163,450	49,936,439
Silver Certificates.....	345,702,504	9,625,856	336,076,648
Treasury Notes.....	137,771,280	22,044,511	115,726,769
United States Notes....	346,681,016	115,825,143	230,855,873
Currency Certificates....	34,450,000	2,845,000	31,605,000
Bank Notes.....	213,716,973	7,063,137	206,653,836
Totals.....	\$2,197,000,236	\$617,793,512	\$1,579,206,724

Of the gold coin in circulation, the national banks held on October 1 only \$110,378,360. State bank holdings in 1894 did not show over \$9,000,000. National bank holdings in 1894 were \$125,020,290, and in 1893 \$129,740,438. National bank holdings of certificates for gold were: 1893, \$47,522,510; 1894, \$37,810,940; 1895, \$21,525,930. Thus in 1895, 40 per cent. of gold certificates and only about 22 per cent. of gold coin claimed to be in circulation were in possession of national banks.

The returns show that only \$15,537,100 in national bank notes were held by national banks. The returns show that the total amount of gold and gold certificates held by national banks has decreased 25 per cent. since 1893. This was contraction of redemption money, not fiat money. The bank notes have been hoarded.

That legal tenders are interest-bearing obligations can be seen in the fact that the Treasury in 1894 was forced to borrow on bonds to keep them at par with gold. The interest and principal of the debt thus incurred was 26 per cent. of the whole issue of legal tenders, and this was the interest for one year. In 1895 the bonds issued, principal and interest, were 27

per cent. of the legal tenders. The country still owes the whole obligation and the bonds, as well. For 1896 more bonds must be issued to pay interest upon legal tenders.

If the percentages of gold receipts for customs duties at New York be applied to those from all ports of entry they will show the following conditions:

Total customs duties for 1895.....	\$151,907,588
Gold receipts.....	319,005
Legal Tender Redemptions, gold.....	117,354,954
Gold exports .....	60,985,415

Thus with gold receipts from customs duties of \$319,005, the only source of the Treasury to obtain gold for redemptions of legal tenders must be from money lenders. The table shows that gold is exported and hoarded in equal amounts.

The conditions indicate that tariff revision and increased duties are necessary, and also that a reform of currency is inevitable. The conditions show that paper money must be retired and that a great central organization of banking capital must be formed to protect the industries and financial enterprises of the nation, and to avoid repudiation and a depreciated paper circulation. Silver must be remonetized, not by free coinage, but upon sound lines of common sense.

The day has passed when compromises can be tolerated. Divided party responsibility since 1874 has created the present conditions. Every beneficent feature of protective tariffs has been imperilled in the useless struggle to maintain an alleged gold basis by the issues of fiat and other forms of paper money, and to keep them at par with gold by increasing the public debt. The scattered and unorganized national banks maintain their existence upon the credit of government. However willing, they cannot take up the burden of redemption and of reorganization of national credit and wealth.

Bimetallism has been the desire of the Republican party, but its leaders have accurately considered that it must be preceded by the provision for retirement of all forms of legal tender paper money. The agitation for free coinage has directed attention to the dangers of fiat money. This danger and not the fear of silver has made necessary a reorganization of the currency and the establishment of a national bank.

Let the national bank assume the redemption of all issues

of paper money until retired by government and then follow by the substitution of its own notes. Customs duties should be payable in gold and silver equally, or in the notes of a bank which redeems in gold and silver equally.

Such a bank would be backed by the deposits and the credit of the nation, and would protect the scattered national banks by redeeming their circulation. It would provide loans for national emergencies and thus enable the nation to be independent of other nations. Such a plan would enable the country to establish practical bimetallism without waiting for other countries to initiate the movement. Under a popular form of government gold monometallism can never succeed. Fiat money must be retired and American financial independence must be restored as well as protection to American industries.

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### The American Federation of Labor.

THE fifteenth annual convention of this body met in Madison Square Garden, New York, December 9 to 17, 1895. It was in many respects a noteworthy gathering, and its doings attracted no little attention. To begin with, its claims are large, and its aims, so far as they can be inferred from the declarations of the body, are deserving of careful attention. Numerically it is the "leading radical society on this hemisphere," and at the same time "the strongest conservative society in New York," numbering 100,000 strong in the city and vicinity. Again its scope is protective and helpful. Through the trades unions wages are maintained very much above the level they otherwise would be; and by their employment bureaus, benefit societies and out-of-work funds, a wide and effective mutual service is rendered. The insistence on the principle which underlies these unions, arises from this belief, "that non-union men are social cyphers. In the labor market they possess no freedom of contract; in politics they have no organization to protest against social wrongs. But for the trades unions there would be no arbitration boards, labor bureaus or factory inspectors; no instruction of the multitude in their rights, and no laws on the statute book recognizing labor's interests as interpreted by labor." One can well imagine the sense of growing strength which pervades the representatives of those organizations when

assembled to consult as to how to promote their interests and extend their principles throughout the industrial world. This, too, may be said for this convention, that its deliberations were marked by good sense, a conservative and kindly spirit, and by broad views as to the relations of labor to the well-being of society. In fact, it cannot be denied that to trade unions is due the improved conditions of the laboring men; and they have prospered just in the proportion that they have had wise leadership and held to an equitable and conservative programme. The history of trades unions is one of great interest, and reveals the slow but sure emancipation of labor from a thraldom that was once most oppressive.

These unions have taken away the hopelessness that for a long period invested the hired laborer's lot. They have undoubtedly put the wage-earner in a position to hold out for his price, and have converted the question of how little can he afford to work for, to how much the employer can afford to give. Still trades unionists should remember that their chief hope of further improvement in the future must rest on the possibility of increasing the general productivity of labor. It is not generally recognized by them that the chief betterment of the working class is to come from the development of their own personal efficiency. Increase of intelligence may be expected to augment their productivity. From President McBride's annual report, we learn that the year past was noted for the large number of small and local, rather than large prolonged strikes, and for their uniform success in the wage-issue raised. He makes a deliverance that will command general approval, when declaring that the resolution passed in 1894 should become their law, viz.: "That contracts made by unions with their employers should be faithfully lived up to by the unions, so long as they are not violated by employers; and the occurrence of any trade dispute with such employers by other unions than those having contracts, shall not be cause for the violation of agreements by such unions as have regular strikes." This bears on the vexed matter of sympathetic strikes, and hints at one serious friction between local unions and the central organization. It was a significant utterance for this body, and one which further attests the conservative spirit that seemed to control it, "that we declare that the American Fed-

eration of Labor has no political programme," and the emphatic vote of 1,531 in favor, to 359 opposed, was the answer to the attempt to commit the convention to the Socialist party. "There is no more intolerant man in the world than the State Socialist," said Mr. Gompers. "If socialism is right let it grow, but don't continue to decry the trades unions; think of its martyrs, its achievements, its results." No more momentous action was taken than this, and all true friends of the laboring class will feel like congratulating the convention for this wise and timely action. Just now it is not an independent labor party in the political world that is needed, so much as independent voting by the laboring men.

The whole force of the federation was also invoked in behalf of a shorter work day, and the report urging it; claiming that less hours of toil gave better health of body and brain; better wages and increased production; better homes and lives and a fairer distribution of wealth, was adopted. The convention showed its far-sightedness when adopting a resolution "to encourage a broader education of mechanics by the municipal establishment of institutes, where the young man who is learning a trade can in his leisure hours have the privilege of attending lectures pertaining to his future life work." An intelligent and moral citizenship is the great desideratum of the hour. Honest and skillful work is entitled to rank with art. The convention's action to secure better sanitation for bake-shops, more humane treatment for journeymen bakers, indicates the careful survey it maintains over the whole field of labor. It was certainly both courteous and wise to listen to Miss Willard appealing for the convention's endorsement of temperance instruction in the schools, for aid in redeeming the slums and opposing the saloon power, and in maintaining fair play and pay for women wage earners, and the answer was to the point and withal notable, when it referred to its full deliverances and unequivocal attitude in the past in reference to those grave questions.

The Federation of Labor is working steadily towards the affiliation of all labor organizations of every sort with itself; and there is the disposition to concede the utmost latitude of opinion and action consistent with progress and unity.

To this end overtures were made to other labor organizations, and time only can settle whether this Federation will

finally include everything and be the one all-comprehensive organization of labor in this country. It has now come to be a body of immense power, its legislative functions are large, its principles and methods are openly known, and it has been hitherto cautious and yet pronounced in its positions and policy. To the extent that it is tolerant and broad-minded, intent on lifting up the laboring class, and uses its influence to improve the environment and opportunities of the latter, will it be respected, and its achievements be hailed with gladness by every friend of social progress. In the election of Mr. Gompers to the presidency of the Federation, this hope for its future is assured. The trend of labor sentiment is towards the extension of municipal power and the socializing of functions now exercised by private corporations, and, if with this is united adherence to a gradual evolution along this line, no harm can accrue. It is a hopeful sign, that a representative body like this could hold an eight days' session in the City of New York, where it was closely watched and exposed to the severest criticism, and command, as it did, the confidence and sympathy of the general public.

In conclusion, it may be said that the federation of labor organizations has come to stay, but its scope and usefulness is going to depend on the personnel of workingmen themselves. The success of every labor union, local or general, will in the end be determined by the intelligence, integrity, in a word, by the character of its members. This century of boasted industrial progress is the one in which pessimism has had its birth. Poverty and injustice are still with us, despite our growth in wealth and in the recognition of brotherhood. Social re-adjustments come slowly. Laboring men are now on their mettle, and their cause is one with intelligence and moral betterment.

The American Federation of Labor has a great future before it, and every friend of human progress wishes it well, but that future of enlarged influence and helpfulness must be realized by patience, through the elimination of class hatreds and the broadest application of economic truths and moral forces. This convention practically adhered to the great purpose which makes the Federation both a hope and a power, viz.: "The betterment of its members and their families, their social and industrial interests, as well as the advancement of society and righteousness generally."

## Compulsory Arbitration.

BY JEROME DOWD.

IT IS to be hoped that the great labor strikes of the past few years have brought to the American people some realization of the necessity for finding a solution to the strike problem. Strikes are tending to become more frequent, to involve the interests of a larger and larger number of people, and to greater violence and lawlessness. Unless some remedy is found for these interruptions to business and social order, the time is not remote when civil war must ensue. Capital and labor are both developing in the direction of consolidation, and as the opposing organizations become more powerful, the strike will assume wider and more serious proportions. Industrial evolution is rapidly eliminating the small capitalists, and leaving production to a few immense syndicates. The number of employers is yearly becoming fewer, and the army of the employed larger.

Considering the gravity of the situation, it is surprising that the magazines of the country, especially those of a political nature, should not have given more consideration to the subject. It is especially surprising that this problem should not have called out the inventive genius of the political economists. The fact that the last Congress passed, without division, a bill providing for compulsory arbitration between inter-State commerce carriers and their employes, indicates the imminence of such legislation.

In the past, it has been too often alleged, and with truth, that economists have either opposed or ignored many of our best reforms. Of what value is political economy or any other science if it cannot be applied so as to aid in solving the problems of the human race? And to whom should people more naturally look for political guidance than to the economists? But, as a matter of fact, do people or legislators look to economists as beacon-lights when groping in fog and darkness? As a matter of fact are not political economists for the most part walking abroad with their heads in the clouds? While the country is threatened with civil war, growing out of an unsolved political problem, are not our economists devoting most of their energies to the Austrian theory of value?

What has political economy to say in reference to compul-

sory arbitration? What has it to propose respecting the growing frequency and violence of strikes?

In the opinion of the writer, political economy does not sanction the strike, but it does sanction the principle of interfering to put an end to a false notion entertained by economists, and people generally, that a laborer has a right to quit work at any time and under any circumstances. The idea that he has such a right is the survival of the individualists' conception of political economy, now out of fashion among progressive thinkers. As long as production is carried on by isolated citizens, as in the agricultural state of society, it is a matter of no consequence whether a farmer, coal digger, house servant or mill operator quits work or continues it. Hence, in the primitive society, the belief very naturally obtained that everybody had a right to do as he pleased. It was then no concern to the public whether a man built a wooden house or a stone one. He could shoot his gun in any direction, or at any time, without molestation. He could keep unsanitary stables and pig-pens, and poison the air and water for miles around, and nobody was hurt but himself. But in a thickly populated community these liberties become injurious to others, and are no longer permitted. One's conduct becomes of more and more concern to others as population becomes more and more dense. Under modern conditions of production the value of each man's labor depends *entirely* upon the degree of faithfulness with which others perform their tasks. The labor of the nail maker yields nothing unless the farmer has worked the soil and gathered the harvest. The farmer's surplus wheat, corn and pork are valueless unless the miners dig up the coal with which to run the mills and factories. Neither the labor of the manufacturer, the mill operative nor the farmer is of any value if those who transport products fail to keep open the arteries of exchange. Every laborer under modern conditions is under obligation to every other laborer. Each occupies a position of trust. A tacit agreement exists among every class of producers that reciprocal services shall be faithfully performed. Is it not just as important for coal miners, cotton spinners or railway operatives to stand faithfully at their post of duty, as it is for a soldier in time of war to stand to his post? The wages of a deserting soldier is death. Shall soldiers of the great industrial army de-

sert their posts whenever it suits their interest to do so, regardless of the consequences to everybody else? When coal mines are closed up, or when travel is suspended, thousands of innocent people are made to suffer. Much wealth is, in effect, confiscated, as, for instance, the perishing of fruit and live stock held out of market. Wage earners fail to reach their places of business, merchants fail to get proper supplies, entailing loss of custom, inability to meet obligations and sometimes bankruptcy.

The practical outcome of this unsolved labor and capital problem is a periodic wholesale confiscation of property, and terrorizing of the country, together with more or less destruction of life.

Many readers will at once say that this problem is simply one of police regulation. The proper remedy consists in arresting the offenders, convicting them and sending them to prison. But there are not police enough to cope with an army of strikers, nor jails enough to hold them. And if it were possible to cope with them it would be far from wise to do so. It is the policy of modern political economy to prevent crime, instead of merely sanctioning the contrivance of policemen to crack people over the head who commit it. Enlightened policy dictates that such legislation be enacted as shall prevent strikes from occurring.

But any attempt by the government to eradicate this evil would involve the question of interference with private contracts. The Compulsory Arbitration Bill was opposed in the House because it was deemed "a restriction of the right so dear to every American, the right to make personal contracts." By the way, a multitude of sins have, in the past, been cloaked by a few rhetorical flourishes on the "liberty of contract." It seems difficult for some people to distinguish between liberty and license. They do not realize the truth that unlimited liberty is anarchy, and that rational liberty only insures to the citizen such freedom as he may exercise without injury to others. No civilized society has ever permitted unrestricted liberty of contract. It is necessary for the law to interfere with contracts made with minors, married women, imbeciles, drunkards, lunatics, hackmen, railroads, street car companies, etc. When the first legislation was proposed to prohibit children under nine years from

working in mills and factories, the manufacturers showed themselves to be great champions of "personal liberty," as if liberty meant the right to coin gold out of the blood and bones of infants.

But the practical effect of compulsory arbitration would be to give the State authority to fix prices. If the State is to decide whether the employés of a railroad are just or unjust in their demands, it must decide first what wages are proper.

There is reason to believe that the State may determine the value of services rendered to a railroad by employés with as much satisfaction as it fixes the rates of transportation (which is the same as fixing the compensation of the men who own and operate the roads). The government of cities already undertakes to determine the value of services rendered by hackmen, draymen, by those who light the streets and supply the people with water, etc. In civil suits it is often the case that a jury ascertains the value of services rendered by a carpenter, farm hand, house servant, bookkeeper or doctor. For the State to judge between capital and labor as to what wages are just, would not be very difficult nor would it be altogether a shocking innovation.

The writer is not sure but that the State has a pretty clear right to interfere with the contract between a capitalist and his employé from another point of view.

Under the old system of competition among small traders and capitalists, any laborer who was dissatisfied with the terms of his employer enjoyed the privilege of seeking work from some other employer in the same line of business. But now he cannot do that if the industry in which he is skilled is organized into a huge monopoly. Liberty of contract does not exist under monopoly. The only liberty that a monopoly leaves a man is the kind that a highwayman leaves when he demands your money or your life. The liberty of the laborer about which some economists gloat is only a fiction. Pressed by want, the poor laborer is often impelled to imitate Esau, who sold his birthright for pottage.

However, the question may be asked, If the State prescribes the pay for services rendered to a monopoly, may it not also fix the prices of the coal it consumes and also its office furniture, such, for instance, as a broom or water bucket. There

is this difference: the broom maker or coal dealer is not dependent on the monopoly for his life, and neither of them is an employe of the company, and neither works with the company's capital.

Again the objection may be urged that if the government interferes in disputes between railroads and employes, why not interfere in all industries? The answer is that expediency is as safe a guide in this case as it is in limiting the extent of interference with marriage contracts and contracts with minors, drunkards, etc. If the State knows when to stop in the matter of fixing transportation charges, it may by the same instinct judge when to stop in the matter of supervising wage contracts. The railroad affects so many people that it becomes a public institution, and subject to public control. Government meddling is never thought of in connection with perpendicular transportation in elevators, or circular transportation in "jolly go-rounds" and "Ferris wheels."

But how shall the government enforce a decree against a labor organization? In the Arbitration Bill which passed the last Congress, there is a provision that the laborer shall not quit work until 90 days after the award, and not then without 30 days' notice. The bill does not provide an adequate penalty for violation of these terms. Perhaps this defect would be remedied by a clause rendering the offender ineligible to re-employment in any railroad subject to government control.

When the award is against the capitalist it may be easily enforced as an ordinary decree of court. But in case the award is against the employes the capitalists would not have an equally strong ally in exacting obedience to the decision.

This seems an injustice, but it is not so much so as it at first appears. The laborer and capitalist, it must be remembered, do not bargain on equal terms. The possession of property gives the latter an immense advantage. The mere act of quitting work without notice is a civil rather than criminal offense. And the law never permits a civil process to issue against a man to the extent of taking away all of his property, and certainly it would be still more merciless to demand that he give another his services. That would be slavery. However, one's moral objection to remain at work, according to the decision, is none the less binding because of poverty.

In conclusion, it is not the purpose of this article to discuss the details of the Arbitration Bill. Political economy is only concerned with the fundamental principles, and in answer to the question, Does political economy sanction government interference to prevent strikes by enforcing arbitration? the writer records his vote in the affirmative. Yea, the first principle of government, that of protecting the lives and property of the people, sternly commands the legislator to interfere and put an end to these violent outbursts and great embarrassments to commerce which blemish, more than anything else, the civilization of the nineteenth century.

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In advocating compulsory arbitration, Mr. Dowd finds himself under the logical necessity of endorsing the doctrine of State regulation of prices, transportation rates and wages. This is the danger of reasoning from precedent rather than from principle. The fact that the government has done something that it ought not to have done is made the reason for its continuing in that line.

Having interfered to the extent of regulating railroad rates, it should go forward and regulate railroad wages; and with the same logic, of course, proceed later to regulate wholesale and, perhaps, retail prices, house rent and other values. Precedent can only establish a wise rule of action when it rests upon sound principle; bad precedent leads to more and more mistakes, nor is compulsory arbitration the same in principle as a court of law.

Civil and criminal courts pass upon disputes for which there is a specific rule of adjustment. Custom and statute law have decided the conditions and the right of property, and persons and courts are called upon to give judgment after the fact. In cases of industrial arbitration, as where it is a dispute over future wages, there is no such established rule of action. There is no precedent. If it is for an increase of wages, the case is a new one. Its justice or injustice lies entirely in the new condition; the social demands of the laborer, the pressure upon his opportunities to maintain his social status, are matters which the State is least of all competent to pass upon. The parties to the new conditions, those demanding and those from whom the demand is made, are the only parties competent to act with any approximate justice in the case. To call in a court composed of those

who knew little of the merits of the case to give a decision which must be binding would be the surest way to have an un-economic and inequitable decision. Such decisions could not settle the question, but would lead to new controversy, and if such decision could be enforced by arbitrary power and so prevent the educating force of agitation, it would stop progress. By the logic of his reasoning, and in spite of himself, Mr. Dowd lands clearly within the socialistic camp.—[EDITOR.]

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### Principles of Party Organization.

BY FRANK L. MC VEY.

THE public mind, composed as it is of the minds of individuals, is incapable of entertaining more than one great problem at a time. It is not the highly endowed who are the measure of the public's power of apprehension, for these only serve to overcome the lesser powers of the submerged tenth and contribute to a general averages; so that the average mind is the true measure of the public mind. The principle of one thing is fundamental. The individual may be well trained in mind and power of concentration; nevertheless, he is not able to take up more than one question at a time. The greatest statesmen with keen intellects, the most skillful engineers with accurate minds, and the celebrated philosophers versed in abstract theories, have never been able to solve more than one question at a time. The statesmen in attacking a problem, the engineers in constructing Brooklyn Bridges, the philosophers in their reasonings, have all been compelled to limit their investigations to single objects. Much less, then, can the public deal with more subjects than one. The public, consisting of individuals who exercise their right to think, is often divided in its views and opinions. When, therefore, a question of great interest comes up which the public must decide, a division takes place in the ranks of that public. This is not a division of many parts, but of two—those for and those against the question. Every problem whose decision is of vital importance to a government admits of but one of two answers—either it is or it is not expedient. This division of opposition and support is the natural basis of parties. Thus, every nation is divided into two great parties. It is true that many party organ-

izations exist in every nation which would on its face go to show the reverse of the proposition; but when a decision of yes or no is demanded, then those parties—no matter how many or what their creeds or beliefs may be—will be found on one side or the other of the specific matter, either supporting the government or opposing it. Sometimes a party increasing in numbers appears in the political arena with the hope of avoiding the question at issue. But it cannot long hold such a position. It will be forced to take one side or the other, or lose what it has already gained. Thus against its will the party is merged into one of the great divisions, although it may retain its name and organization. Such incidents have occurred more than once in the history of the United States. In the Presidential campaign of 1856 four parties entered the contest—the Democrats, Republicans, Whigs and Know Nothings. The question at issue was that of slavery, which the Know Nothings wished to ignore and the Whigs to compromise. The Whigs and Know Nothing organizations were broken to pieces in the election which followed, while their members were assimilated by one or the other of the two great parties. The political affairs of Germany were greatly disturbed in 1893. In the political campaign of that year twenty parties put candidates in the field; twelve of these elected members to the parliament. The Conservatives, Imperialists, National-Liberals, Radicals, Ultramontanes and the Socialists were the strongest.\* Despite this motley array of political opponents, all the parties took sides upon the Army bill—the real question before the public. The Conservatives, National Liberals and Imperialists were arrayed in support of the bill. For the time being party lines were blotted out and one leader guided the opposition and one the ministerials. In France the government was compelled to meet the advances of Socialism. At the time (1893) six parties strove for ascendancy—the Radical Republicans, Socialist Republicans, Monarchicals, Radicals, Conservatives and the Protectionists.† These parties were not arrayed one against the other, but they formed alliances. The Radical and Socialist Republicans opposed the government in its attempts to check the Socialistic tendency in the State, while the Conservatives,

\* Annual Register, 1893, pp. 349.

† *Ibid*, pp. 310-334.

Radicals and Protectionists supported it. In England the Home Rule Bill demanded the attention of the public. At the time no less than six parties had representatives in parliament—the Liberals, Nationalists, Conservatives, Unionists, Tory Democrats and Labor Unionists. The Conservatives tried to raise an issue concerning the Agricultural Holdings act, which was injurious to the tenant-farmers. The Conservatives opposed the bill. The Ministerials were equally anxious to display their interest in artisans and unskilled workmen,\* and thus postpone the Home Rule bill as long as possible. But the bill did come up, and on that great issue there was an immediate development of the different organizations into opposition and ministerial parties. These historical facts bear out the statement that there can only be two great parties in any nation. Not only is the statement true of the nations mentioned, but of all nations where political life exists.

But what is a party, and what is a great party? "A party," as defined by Burke, "is a body of men united in promoting by their joint endeavors the national interests upon some particular principle in which they are all agreed."† Accepting Burke's definition as true and as good a one as can be found, the question of a great party still confronts us. Any organization which nominates candidates for President and Vice-President is a national party, but not always a great party. A party to be great must have the confidence of a large portion of the people, must present the issues which are most important for the welfare of the State, and it must be a party of principle. In fact, principle is determinative of party character. By it parties are divided into two classes—the party with principle vaguely apprehended and the party with principle clearly understood. The first may be characterized as the party of feeling, the second as the party of principle. The Federal party may be said to have belonged to the first. The object of the leaders was to make a nation—this was not understood by the followers of the party. In fact, the principles of the party were never formed into a creed.‡ The party lived on a kind of instinct rather than upon any defined

\* *Ibid.* pp. 1-27.

† "Thoughts on the Cause of the Present Discontent." Burke's Works, Bohn's ed., Vol. I., p. 375.

‡ Lalor's Encyclopædia, Vol. II., p. 171.

principles. It was, in reality, a party of feeling, the principles being vaguely comprehended by its followers. This was one of the causes of the party's downfall. History has shown that parties of principle are more effective, more durable, and more consistent than those of feeling; while parties of feeling, though often doing good work, are transient, changeable and rest on expediency. New parties are apt to be parties of this kind. They are a kind of a necessity, volunteers, as it were, ready to fill the vacancy caused by the demise of a great party. Parties are not immortal. There is a time when they come to an end of their usefulness and a substitute is needed. The economic and political changes in the United States are so many that a party of one idea or principle is apt, in the course of a few years, to become narrow, unless it takes up the more important of the ever-increasing questions. With such varying interests, it is wonderful that more local parties have not sprung into existence. Generally, the cries of sectionalism and class legislation have kept them down. The discontented have been content to put their grievances in the form of demands and cast their vote with the party that recognized their grievances. Where grievances take precedence over principles, then the party is one of feeling; or where the organization is held together by a common feeling of discontent it cannot be a party of principle.

The utterances of parties from the platform, and in the newspapers, are evidences of the class to which they belong. These utterances are based upon the resolutions passed by the delegates of the party in convention assembled, and must be examined as determinative of the character of a party. We know these resolutions as platforms. A platform\* is the out-

\* *Vide Notes and Queries*, S. 7, Vol. I., pp. 7.

" Patrick's Parable of the Pilgrim, pp. 206, ed. 1687.

" *New York Herald*, May 6, 1848.

" *Lynchburg Virginian*, August, 1858.

The word platform has a history of its own. It was formerly used to refer to some religious creed, although as early as 1547 the word was used in references to principles other than religious, but not political. It was a religious word, and was so considered even to the middle of this century. Webster's Dictionary of 1854 does not give the political side of the definition. The word was probably not used in the United States in its present sense earlier than 1837. The *New York Herald* uses it in the issue of May 6, 1848, in its present political sense. The *Lynchburg Virginian* of August, 1858, prints the word showing that its use was quite general by that time.

lined programme of intended party action, and hence is the phenomenon by which we determine whether a party is one of feeling or one of principle. As a manifestation of the principle of the party the platform must show that principle in its relations to the economic constitutional and political questions which the party is compelled to meet. These three phases of governmental activity are fundamental, and no party can make a true and full declaration of its purposes without reference to them all. If an effort is made to avoid any one of these, the downfall of the party is only a question of time. Constitutional questions are to a great extent settled, but economic and political ones are continually arising which seem to grow more difficult as the years go by. But it is necessary to have a constitutional basis for the economic and political views to rest upon; and if this constitutional basis is not formulated the party's views on other subjects cannot be stable ones.

If the principles which have been developed are true, then the short existence of the various parties, which have sprung into existence during the history of the United States, can be easily explained. As long as the tariff remains the great question in this country, the party divisions will remain about as they are. The position of each party is closely defined, and it is not likely that a new party can easily usurp the position of either one.

Lately we have had a new party of considerable importance in this country, *i. e.*, the People's Party. It, however, has reached the period of decline. The party has failed to formulate lasting principles upon the three great fundamentals of government. This fact explains its position. Until some party does formulate principles upon questions of greater importance than those in existence to-day we shall retain our present party divisions, despite the attempt of parties like the Populist to occupy a place as one of the great parties.

### Economics in the Magazines.

BANKING. *The State Bank of Indiana.* By Wm. F. Harding in *The Journal of Political Economy* (Chicago) for December, 1895. An excellent account of the best experiment in American banking, under the authority of State legislation, ever made. The writer shows that the State Bank of Indiana was called into existence in 1834, on account of the special need for banking facilities created in that State by the forcible crushing out of the Second Bank of the United States, by Jackson, Taney & Polk; that it copied as closely as was practicable the chief features of the Bank of the United States, except that its branches were allied banks, having each its capital and business, instead of being, as under the Bank of the United States, merely distributed offices of the main bank. It also relegated the State Bank *per se* into a State Board of control over the branch banks, and not a bank of itself distinct from its branches. This system worked well for Indiana, owing to the agricultural and isolated character of the various towns it served.

"The result was a system that furnished a sound currency until the Civil War. Even during the period of the "free" banks, the State Bank, and afterward the Bank of the State, was there, a standing judgment upon the notes of shaky banks. Indiana's one material failure, so far as banks are concerned, was in the case of these "free" banks. They were based upon the bond security system of the New York law; but because of defects in details, and insufficient regard to the condition of the States whose bonds were accepted, the entire system was a failure. But this period lasted only from 1852 to the passage of the national bank law, and very few of the shaky banks were left after the panic of 1857. Thus, Indiana had a sound institution to carry it over from the worst period of the State banks to the organization of the present national system."

CANALS. *The Nicaragua Canal and the Monroe Doctrine.* By L. M. Keasbey. *Advantages of the Nicaragua Route.* By J. W. Miller. *The Nicaragua Canal and the Economic Development of the United States.* By Emory R. Johnson. All in *Annals of American Academy* for January. Of these three valuable pleas for the Nicaragua Canal, the first argues that the better way to have the canal built is to build it ourselves, rely-

ing on the superior control which simple ownership would give us, for future preference in its management; the second affords a pleasing picture of the topographical and engineering advantages of the Nicaragua route; and the third argues that the work, if accomplished, would draw closer together the Eastern and Western States of our Union, as well as the states and powers of Central and South America, and would even increase the traffic of the great transcontinental railways of the United States. If a vessel drawing ten feet of water can now sail from New York by Nicaragua River and Lake to within eleven miles of the Pacific, and will there be only 110 feet above that ocean, and if one of its sailors from a mast forty-two feet high could look directly over and see the topmast of a similar vessel in the Pacific port, as Mr. Miller alleges, it is difficult to see why it should cost the \$70,000,000 estimated by Mr. Miller, and still more the vastly larger sum estimated by the Congressional committee which lately reported, to build it.

The sum required to build it seems to be about what it requires to keep a gold balance in the Federal Treasury for six months.

The Suez Canal shares are now at a premium of 550 per cent. over their issuing price, which shows them to be among the best stocks in the world. The Nicaragua Canal may safely be expected to pay as well. England lacked the enterprise to project or push to completion the Suez Canal. It depended for its construction on bankrupt Egypt and little-to-gain France. But when once completed, England was quick to grab not only its stock, but entire control of the satrapy by whose urgency and concessions it had been built. Mr. Keasbey shows in a most ingenuous and instructive narrative of our negotiations with England throughout the Clayton-Bulwer fizzle relative to the Nicaragua Canal, that the only terms on which we can secure her joint action are those of paying the whole cost ourselves and taking all her snubbing as to the management. It is better to go it alone. Then if England cares to thwart, or desires to control it, we can at least have the consolation of knowing that we did not pay a cent to prevent her trying it on, and hence that we haven't tempted her into one of those breaches of faith whereby nine-tenths of all her conquests have been won.

GOLD. *The Agio on Gold and International Trade.* By Prof. W. Lexis in *The Economic Journal* (British Economic Association). Prof. Lexis writes in a skeptical spirit as to the magnitude of the effect of the depreciation of silver relatively to gold to favor the export trade of silver-using countries, and to act as a protective duty against the import of goods from the gold-using countries. He was reluctant to believe that such a doctrine could be true in any degree, and only entered upon its critical investigation because he found the manufacturers and merchants of the countries affected to be largely of this belief. A like belief prevailed extensively among the same classes in this country while it was on the greenback basis, with a premium on gold. Henry C. Carey and Gen. B. F. Butler both regarded the fall in the premium on gold, which in a strict currency sense meant only an advance in the value of the country's promises to par with gold, as a withdrawal of a part of the tariff protection.

He quotes Prof. N. Pierson, late Minister of Finance in Holland; Professor Marshall and Professor Levasseur of Paris as expert economists who declare it impossible that this disparity between the two metals shall have any such effect.

He then reviews the case of India minutely, and reluctantly concludes, "the falling value of the rupee therefore favors the competition of India in Europe." He also reviews the case of China, and comes to the same conclusion; "For China, as indeed for all silver standard countries, it is in my opinion true that the fall in the value of silver has, in the way shown, made export easier and import more difficult." Finally, he comes to the same verdict as to Russia; but he thinks the degree in which this factor has controlled prices is much less than the degree in which they have depended upon production, and that they have been greatly overestimated by the bi-metallists.

If Professor Lexis' doctrine is true, then the thrusting of the country upon a silver basis would operate as a lively stimulus to our exports and check to our imports, which, by reversing the heavy adverse balance of trade now existing, would send gold into our country instead of drawing it away. This view was proclaimed for a time by the *London Statist* about a year ago, but later it returned to its advocacy of the "gold basis" as the only thing that could bring salvation to any body, "unto the Jew first and afterward to the Gentile."

MISSIONS. *Foreign Missions in the Light of Fact.* By Rev. Judson Smith, D. D., Foreign Secretary A. B. C. F. M. in *North American Review* for January. *The Philosophy of the Mexican Revolutions*, by M. Romero, Mexican Minister to the United States in the same. Dr. Judson perceives in Christian missions in heathen countries an intellectual, social and moral force, the benignity of which is open to no question, the only theme for consideration being whether the harvest repays the expenditure of effort.

Minister Romero, on the contrary, writing of Mexico, attributes the chief adverse influences which have retarded the peace, order and prosperity of the country, and kept it plunged in bloody revolutions, to the church. Dr. Judson, in recounting the triumphs of missions, includes the progress of Catholic as well as of Protestant propaganda, and would therefore number the ascendancy of "The Church" in Mexico among the triumphs of missions. Minister Romero, on the other hand, in recounting what is regarded as "progress" in Mexico, says: "The church party is completely broken down as a political organization, and cannot cause again any serious disturbance, and the elements of civil war are now lacking." The means by which this result was accomplished he describes as follows: "The church property was declared national property, and was sold by the government to the occupants at a nominal price, payable partially in national bonds, then selling at a very low price; about five per cent. of their face value. The clergy were then deprived of all political rights. Their convents, both of monks and nuns, were suppressed. The number of churches existing in the country was considerably reduced. Complete independence," (meaning severance) "between the church and the state was proclaimed." Religious processions outside the church, and even the ringing of bells were forbidden. Feast days were diminished to two or three. No priest was allowed to wear his robes outside the church, and the state took exclusive charge of the registration of births, deaths and marriages.

Mr. Romero's article is not intended as a reply to Doctor Smith; but it suggests that there is a neglected aspect to the missions question. Christian missions have invariably been the stool-pigeons, wooden ducks and stalking-horses, behind which have come the armed expeditions and conquering forces of shop-

keeping and manufacturing conquest. Lobengula has hardly time to find out what new trick the missionary is trying to teach him, when along comes the white colonel with his Gatling guns, and he discovers that what the grand army of white conquerors is after is not "souls" nor "peace," but cattle, land and gold. It does not yet appear whether the founder of Christianity would be willing to be responsible for the average effects of missions, when regarded as the forerunner of commercial conquests or of mercenary political hierarchies.

**PREMIUM ON GOLD.** *Agricultural Progress in the Argentine Republic.* By Wm. E. Bear in *The Economic Journal* (British Economic Association) for December. The Argentine has advanced since 1870, when it planted only 24,000 acres in wheat to a planting of 7,141,000 acres in 1894-5. In 1880, after a poor harvest, Argentine actually imported 813,000 quarters of wheat, and only in 1884 had her exports risen to 500,000 quarters. From this she rose rapidly to a crop of 9,835,000 quarters in 1893-4, of which 7,648,000 quarters were exported.

A nearly equal rate of increase has occurred in the production of maize, lucerne hay, linseed, sugar, grapes and tobacco. Sheep had increased from about 14,000,000 in 1860 to an estimate of from 80,000,000 to 100,000,000 in 1887, and owing to low prices for wool and changes in stock from wool sheep to mutton, sheep have not advanced in numbers since, but have advanced greatly in quality. Of cattle much the same may be said. The population has grown from 1,350,000 to 4,700,000, of whom 1,248,469 represent the excess of immigrants over emigrants. Sixty per cent. of the immigrants were Italians, 18 per cent. Spaniards, 10 1-2 per cent. French, and only 2 1-2 per cent. Britons. In 1885 the paper currency became inconvertible, gold having been at par in 1884. In 1887 the premium on gold, over the inconvertible paper, rose to 35, in 1890 to 161, in 1891 to 277, in 1892 it stood at 225, in 1893 at 224, and in 1894 at 257. During these years (from 1887 to 1894) of high gold premium, notwithstanding a decline of the English or gold price from 32s. 6d. per quarter in 1887, to 22s. 10d. per quarter in 1894, the Argentine money price seemed to rise about threefold. Mr. Bear says: "The only explanation of the rapid expansion referred to, after a period of comparatively

small increase in wheat production, is one which no prejudice against bi-metallism should discredit. It is the rise in the premium on gold which counteracted the fall in the gold price of wheat. This is the explanation given by the Argentine Finance Minister, as well as by Mr. Gastrell and other British representatives in the Republic."

It will be observed that the period in which Mr. Bear pictures Argentine agriculture as making such gigantic strides upward, while the value of its paper money was going downward, is nearly identical with the collapse of the great banking house of the Barings, owing to its too extended investments in Argentine securities. Mr. Bear's article is profoundly instructive as it stands, but it creates a yearning after a clearer insight into the philosophy of the process whereby a depreciated currency brings at once prosperity to the farmers of an agricultural country, and yet ruin to the bankers who invest in its railways and public securities. The conjunction of the two opposing conditions to the two classes at one time seems to call for some comprehensive explanation.

TAXATION. *Income Taxation in France.* By H. Parker Willis, in *The Journal of Political Economy* (Chicago), for December. Mr. Willis is in deep sympathy with the income tax, and writes apologetically to explain why France has never adopted it, nor taken kindly to it. Reading through the lines of Mr. Willis's partiality to this form of taxation, it is clear that it has generally been opposed by French statesmen as being an implement of socialism and a cover for social revolution. At times, the theory of taxation as held by Mr. Willis seems to be obscure, as where, page 39, he seems to argue that a land tax, a house tax, a tax on licenses and a personal property tax, are all different forms of income tax. Of course, all taxes must be paid out of the income of the person on whom the incidence of the tax finally rests, but such taxes are in no necessary way rated in proportion to income as their basis, and therefore are not income tax. Again, on page 52, the writer speaks of these four forms of taxation as "the present specialized taxes upon incomes," and yet declares that France needs the income tax as "the only one which will keep pace with the growth of public wealth and permit the retirement of worn out and galling

impositions." If a country has four forms of income tax, but needs to abolish them all in order to enjoy the benefits which it would derive from the income tax principle, it looks as if these four forms of taxation must be something else than a tax on incomes. Mr. Willis concedes that France detests the income tax because of its inquisitorial quality, just as the people of the United States do.

VALUE. *Hedonistic Interpretation of Subjective Value.* By Henry W. Stuart in *The Journal of Political Economy* (Chicago) for December. "Subjective value" is very much like "subjective" courage (*i. e.*, what a man thinks he would dare do with no enemy before him); or "subjective wisdom" (what a man thinks he knows, as compared with what others credit him with knowing); or "subjective" wealth; or the "subjective" revelations by the Archangel Michael, from which Mohamet got the Koran. "Subjective value," therefore, has nothing to do with the cost of producing things, or with the earning power of investments, or with social exchanges, or money, or price, or markets, or daily quotations, or stock exchanges, or what it will pay to buy, or sell, or plant, or reap, or sow, or do, or leave undone. "Subjective value" is the value of poor Miss Flite's judgment in chancery, which arose from the fact that she had lost her judgment for every other purpose except to "wait for a judgment." It is the attempt to apply a thermometer to ecstasy, so as to measure bliss in terms of money, and gauge prices according to the number and fineness of the vibrations of delight with which a commodity will thrill the soul of its possessor. Any pretence that there are no such blankety blank school men of the order of Duns Scotus extant will be dispelled by perusing this article. Such a discussion is as useful as were the dissertations of the middle-age scholastics on the qualities of the bodies of angels, or their capacity to endure in fire without combustion.

### Book Reviews.

THE SOCIAL CONTRACT. By Jean Jacques Rousseau. G. P. Putnam's Sons, New York and London. Pp. 227.

It is somewhat remarkable that a republication of this famous treatise should now appear. We might well ask, is there a popular demand for it, are men to any extent reading it, and if so, for what purpose?

Of course, for us the interest in it is purely historical. It had, confessedly, a profound influence in shaping the most violent revolution of modern times. It still has its place in the history of ideas, and is itself the most striking statement of a theory now abandoned by the ablest and safest thinkers in the realm of social economics. We have outgrown it, and more than that, as a thesis it has been thrown out of count. Still it is none the less true that it deeply affected the history of nations, and what is more significant, it is at present the arsenal wherein the foes of our present social order get their weapons for attack. This volume gives this political *chef d'œuvre* of the famous Frenchman in a very compact and attractive form, and it is not uninteresting reading, even for one totally dissenting from his views. "The speculative importance of the Social Contract," it has been truthfully said, "results from its historical importance."

The doctrine of the sovereignty of the people is now accepted, and this was largely due to Rousseau's advocacy of it. But the claim that our earlier statesmen were influenced by this treatise to any marked extent, we doubt. Both Hobbes and Locke had affected Rousseau, and the former gave utterance substantially to the same theory and more largely shaped English politics. "*Le Contrat Social*" is its author's protest against the monarchical system, which he saw about him, and which he believed brought the greatest misery to the greatest number. It is to the political student a curious production, logically full of flaws, while practically the theory is an insufficient defense against anarchy. It is eloquent, and its seeming plausibleness and cogency gave it favor with the multitude and for a time carried them with it.

The men of the revolution idolized him, while his style captivated such as Saint Pierre and Chateaubriand. Byron was

his panegyrist, and at the present, persons as different as Ruskin and the late Rénan are said to be, in a qualified sense, his followers.

In religion, Rousseau may be termed a "sentimental deist;" he took refuge in the nebulous kind of religion in his day so fashionable and convenient. His unorthodoxy had one merit—it never led him to scoff, while his political heresies, after a time, lost their power to harm, for they were illogical and unpractical.

The Social Contract theory, as accounting for the origin of society, is without historical foundation, and equally untenable is the doctrine that government, historically considered, derives its existence and its powers from the consent of the governed. We did not make the state or the body politic; we were born into it, the roots of it are in human nature.

Rousseau is now no longer accepted as a teacher in the realm of political science. The book, however, was a favorite with the revolutionary leaders in France, and was the delight of Desmoulins, Danton and Robespierre. At the same time, the Social Contract produced less of a sensation in Europe than the author's essay, which appeared a few years before or his "*Noville Heliote*." It is a fad with some extremists now to read this treatise, and in the language of anarchistic agitators Rousseau's teachings are plainly disclosed.

**INDUSTRIAL EVOLUTION OF THE UNITED STATES.** By Carroll D. Wright, LL.D., United States Commissioner of Labor. New York, Flood & Vincent, 1895, 362 pages, \$1.00.

This book is one for which the public generally as well as those who are more especially interested in economic questions may be profoundly thankful. It will please the scholar, because it gives him facts. It should please the public, because it treats a subject of great importance and interest in a popular and readable style. It appears under most favorable auspices. No author could probably be found better equipped to write upon the subject. Mr. Wright's long career as a statistician gives him well-deserved prestige. Massachusetts was the first State to establish a labor bureau, and he was the first commissioner appointed since 1869, either as commissioner for Massachusetts or the United States. He has been gathering and compiling

statistics upon a large variety of subjects, and has earned a reputation for thoroughness, accuracy and impartiality.

The Chautauqua Literary and Scientific Circle has insured an extensive reading of the book by placing it in its course of required reading for 1895. This will give a wide dissemination to the facts of our economic history which will make it more difficult to impose upon the public with some of the glaring absurdities of those economic theories which have little regard for facts.

The author's point of view is well stated in the opening sentence of the preface: "The plan of this work comprehends a plain, simple statement of the leading facts attending the planting and development of the mechanical industries of our country. No attempt has been made to discuss some of the influences which have affected their developments, such as the varied effects of tariff legislation, financial experiments, foreign policies or economic conditions and principles." The only point where the author even seems to deviate from the plan is in Part IV.: "The Influence of Machinery on 'Labor.'" But even this deviation is apparent and not real. The more complicated matters, treated in Part IV., make even the plain statement of facts seem almost like the advocacy of a theory.

The author has divided his work into four parts. In Part I. are given the main facts regarding the first ventures in shipbuilding, textile manufacture, printing and publishing, building and manufacturing building materials, and the iron industry. One chapter is devoted to the condition of labor and wages in the colonies.

In Part II. the author first shows how the factory system developed and how it affected industries. In the chapter on "The Civil War—An Industrial Revolution," the author presents facts to prove that slave labor was uneconomic and more expensive than free labor. The chapters on "The Development of Industries, 1860-1890," show such a marvelous increase in the number of industries, the amount of capital employed and the amount of products, that they seem more like a romantic tale than "a plain, simple statement of the leading facts." The last three chapters of Part II. are entitled, "Number of Employés and Total Wages," "Women and Children in Industry," and "Labor and Rates of Wages, 1780-1790."

These chapters are of great value, as they show that the condition of employés has steadily improved throughout the century.

Part III. is devoted to "The Labor Movement." Among the subjects treated are "Labor Organizations," "Labor Legislation," "Labor Controversies," "Historic Strikes," "The Chicago Strike, 1894," and "Boycotts." These chapters are of special interest and importance, as their subjects indicate. The judicial impartiality of the author is here very manifest.

Part IV. is devoted to "The Influence of Machinery on Labor." It is shown how machinery first displaces labor and afterwards expands the industry in which it is used, and creates new industries. Labor agitators who claim that machinery is the enemy of the laboring man, will find the facts presented in these chapters hard to explain. In the last chapter on "The Ethical Influence of Machinery on Labor," the author shows that the use of machinery tends to elevate the laborer socially, intellectually and morally, and would seem to refute the view often presented in the pulpit that this "commercial age" is tending toward "worldliness."

The book is amply supplied with maps, diagrams and illustrations. It is a book that should be read by every one who is interested in his country, or the progress of civilization in the world, especially by those who are in a position to mold public opinion.

**THE MAKING OF THE NATION.** By Francis A. Walker, Ph.D., LL. D. Charles Scribner's Sons, New York. 1895.  
pp. 314.

This is the third in the American History Series, and one of the most important. It covers the period reaching from 1783 to 1817, and carries the reader through that critical period in our national development, when the peril of disintegration was so extreme. The weakness of the Confederation is well brought out as well as the financial and political embarrassments which resulted. The story of the Genesis and the adoption of the Constitution, drawn up by the Convention of 1787, loses none of its romance as retold in this little volume.

It is a chapter in American history that one reads now with keenest interest, for it is the narrative of our beginning as

a real nation. Mr. Walker's view of the evolution of the latter is given clearly and with fairness, and his admirable presentation of the statistical data bearing on the national growth, is one of the valuable features of the book. He attributes to the changed attitude of the Republican party the growth of the Principle of Nationality. That party had set out by striving to limit the exercise of power on the part of the United States; it had denounced a national debt as a sure means of political corruption; it had complained of the multiplication of offices as bribing and overawing the people; it had opposed excises, stamp duties and direct taxes, as forms of tyranny; it had declared the National Bank to be grossly unconstitutional; from all these positions it receded, and when it obtained control of the Government it proceeded to do what once it had denounced. This change of policy was a mighty contribution to the course of nationality.

The part played by the great men who were the formers of the Constitution, and the real makers of the nation, is well outlined. Rightly, our author affirms that it was through the "compromises of the Constitution" that the nation came to be.

He claims that the instrument of 1787 was of revolutionary origin, and not a lineal descendent of the Articles of Confederation or the Acts of the Revolutionary Congress. The new government was the resultant of evolution under the impulse or constraint of forces, some of which had not appeared in 1787. The ordinance of that year our author holds to be one of the monumental charters of American constitutional history.

This book makes a good manual for students of American history, and its appearance is most timely. Indeed, the series itself is a sign of that renaissance of patriotism which needs wise instruction and careful leadership to contribute to those national virtues which are our safeguard.

The appendix of the book is not the least valuable part, and the volume is well worthy to become a text-book for historical classes and clubs, and will give in abbreviated form what the general student would have to search for in many volumes of ordinary histories, covering this crucial period.

# GUNTON'S MAGAZINE.

MARCH, 1896.

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## The Silver Senators and Protection.

UNDER the leadership of Mr. Wharton Barker, of Philadelphia, sixteen United States Senators have signed a document which they call a declaration of principles. This declaration calls for "the free and unlimited coinage of silver at a ratio of 16 to 1 by the independent action of the United States."

Mr. Wharton Barker has addressed a letter to the manufacturers of the United States, demanding that this declaration of the sixteen Senators (written by himself) be adopted by the Republican party, with the threat of free trade as the penalty of refusal. This stand-and-deliver policy is very much like that of the advocates of the Lubin Export Bounty Scheme in their demands that the Republican party shall endorse export bounties. They say, give us export bounties or we will vote against your tariff protection. The basis of their claim is that export bounties is a form of applying protection to agriculture. The prohibitionists have long taken the same position; and they helped to elect the present Administration to punish the Republicans for not adopting prohibition. The socialists may be expected to do the same thing.

The silver people Mr. Barker represents claim to stand for bimetallism and protection. They insist that the Protection party has always claimed to be for bimetallism and this ultimatum to the manufacturers and protectionists throughout the country is presented on the basis of bimetallism.

The sixteen United States Senators who signed Mr. Barker's declaration and those who sympathize with it, are bound in honesty either to show that "the free and unlimited coinage of silver at a ratio of 16 to 1 by the independent action of the United States," would tend to promote and perpetuate bimetallism or to abandon bimetallism altogether and frankly declare in favor of a single silver standard.

If bimetallism means anything, it means the constant use of the two metals. Honest bimetallism demands the use of gold in monetary circulation just as much as it demands the use of silver, and *vice versa*. Mr. Wharton Baker and the sixteen United States Senators ought to know, that under free and unlimited coinage two metals cannot be kept in circulation as monetary equivalents when commodity value at the coinage ratio of one is double that of the other. The immense profit in the coinage of the cheaper metal, when its value is only slightly over half of that of the dearer, would so stimulate the coinage of that metal as to soon make its supply adequate to the entire coin demand of the country.

The value of coins, like the value of any other commodity supplied for public use, without legal restriction, tends to equal the cost of producing the dearest portion of the needed supply continuously furnished. There is nearly as much difference in the cost of producing silver in the different mines as there is between copper, nickel, and silver. But the value of all the silver tends to a uniformity equivalent to the cost of producing it in the dearest mines that are continuously needed.

So, in circulation, the value of different kinds of coin as full legal tender money equals the value of the dearest coins constituting a permanent part of that circulation. If, therefore, we have unlimited coinage of gold, silver and other metals at a fixed ratio, they will all circulate as the equivalents of the gold, so long as the gold remains in circulation. But if, through the profit of supplying any one of the other metals, the quantity of coin so increases as to make gold unnecessary, it will retire from circulation in exactly the same way that the products of hand-looms retired when an adequate supply of cotton cloth could be furnished by factory methods. With the retirement of gold as the dearer coin, the value or purchasing power of all the remaining coins will fall to the commodity value of the dearest remaining one, which would then be silver. And if free coinage were given to coppers or nickels, silver would soon be retired by the same process.

Those who hold the doctrine that the legal tender quality, or government fiat, is the sole factor in determining the value of money, constantly point to the fact that the present silver dollar, which contains only about 51 cents worth of silver, is

unhesitatingly accepted throughout the community as an equivalent of the gold dollar. This is true; and it is due entirely to the fact that silver circulates in conjunction with a dearer coin, gold. So long as the gold remains, the silver coin will have the same money value, but if the gold were retired the value of the silver dollar would at once drop to its own bullion value. The only reason that it does not drive out the gold now is, that there is not unlimited coinage, hence it cannot be increased in sufficient quantity to render gold unnecessary to the monetary circulation.

This is demonstrated in the experience of countries where gold does not circulate, as, for instance, in Mexico. The Mexican dollar will not circulate in this country, nor in Mexico, at more than about half what the American dollar will circulate at, although it contains fully as much silver as our dollar. The obvious reason is that the American silver dollar is a part of a monetary circulation in which gold constitutes the dearest coin, and, consequently, its own bullion value does not determine its monetary value. Whereas, in South America, the silver dollar is a part of a monetary circulation in which it is itself the dearest coin. The Mexican dollar, being the most expensive coin in the monetary circulation of which it is a part, its monetary value rests upon and is only equal to its own bullion value, while the value of the American silver dollar is determined by the value of a coin whose bullion value is nearly double its own. In other words, in Mexico the silver dollar is the dearest coin; in America gold is the dearest. Therefore, in Mexico the value of a silver dollar is equal to the value of the silver bullion. In the United States the value of the silver dollar is equal to the value of gold bullion. Withdraw the gold from the American circulation, and the American silver dollar would rest on the same basis as the Mexican silver dollar, and its value would be exactly the same if it contained exactly the same amount of silver.

Of course, the free coinage of silver would increase the demand for silver, because it would say to every silver producer, here is 129 cents an ounce for all the silver you can bring, which would be about 92 per cent. advance over the present market price. And for all who can furnish silver at the present price, without loss, it would be a profit of 92 per

cent. It needs no philosopher to see that such a profit would not only induce an increased output of the present mines, but it would furnish a handsome profit for the working of inferior mines. Indeed, mines not more than half as productive as the poorest mines that are now being worked without loss, could be worked at a profit equal to what is obtained in most industries, with the value of silver definitely fixed at a minimum of \$1.29 an ounce, every increase in the coinage of silver would, of course, be so much towards supplanting the use of gold, and to that extent it would tend to throw out of use the most expensive gold mines, just as the fall in the price of silver closed up the less productive silver mines. This would tend to lower the value of gold, as the dearest mines in use would then be less costly. So, there would of course be a movement in both directions, that is to say, the bullion value of silver would tend to rise by virtue of the use of poorer mines, and the value of gold would tend to fall by virtue of throwing the poorer gold mines out of use. And under the free coinage of both metals, this would undoubtedly continue until the value of the two metals at a given ratio would be the equivalents of each other. But the question is whether such equivalence would be reached before the gold was driven out of monetary use in the United States. On that point there is little room for discussion. With the present disparity in the value of the two metals, it is safe to say that under free coinage, silver would more than furnish our entire coin demand before the cost of producing silver in the dearest mines would abolish half the difference now existing between the value of the two metals at sixteen to one. In other words, gold would be entirely driven from our circulation long before the bullion value of silver had reached \$1.29 an ounce. Indeed, gold would probably go to a premium immediately in anticipation of this result.

Under these circumstances, Mr. Wharton Barker and his sixteen United States Senators know, because they are not fools, that the free coinage of silver in this country alone, would not mean bimetallism at all, but silver monometallism. All intelligent European bimetallists recognize this fact, and do not pretend that bimetallism demands the free coinage of silver with the present disparity in the value of the two metals.

To demand the free and unlimited coinage of silver at a ratio

of 16 to 1, by the independent action of the United States, is not to demand bimetallism but silver monometallism.

Honest bimetallism has a real standing in court. The Republican party and protectionists generally have always claimed to be bimétallists, and if the sixteen United States Senators and their followers honestly stand for bimetallism, they are justified in making this demand upon the protectionist party. But the demand should be for a bimetallism that guarantees the permanent use of both metals, not a scheme falsely named bimetallism, which leads straight and immediately to the use of one metal only. If the fight is to be between silver monometallism and gold monometallism, the gold will surely win. If it is to be an honest fight for bimetallism against monometallism of either metal, its success is assured. But to use the name of bimetallism to obtain the unconditional coinage of silver at 16 to 1 by the United States alone, is a fraud, and puts the whole movement beyond the pale of serious consideration by honest statesmen or careful publicists.

Honest bimetallism is a feasible proposition which the Republican party and protectionists generally may be expected seriously to entertain. But any political party which will permit itself to be imposed upon by economic sophistry or political threats into adopting silver monometallism under the pretense of protecting bimetallism, is not entitled to the public confidence of any class, much less to be entrusted with the affairs of a great nation. Let the silver party define its issues. If it wants protection to silver as an industry, let it say so, and then the question can be discussed on the merits of that proposition. If it wants bimetallism as a fiscal policy, let it say so, and the issue can then be discussed upon that proposition. If it wants silver monometallism, let it squarely say so, and the merits of that claim can be discussed. If the sixteen silver Senators and their followers are dishonest, they are not worth recognizing by any party. If they are honest and really want bimetallism, they will be willing to accept the policy that will give bimetallism. Bimetallism can be accomplished in one of two ways. (1) By the limited use of the cheaper metal at a definite ratio, say, 16 to 1; the restriction being sufficient to prevent silver from entirely displacing gold in the monetary circulation. (2) By the unlimited use of silver at its bullion value—that is to

say, the unlimited coinage of silver at a flexible ratio, so that the silver dollar shall always contain a dollar's worth of silver regardless of the number of grains. Either of these two plans would afford bimetallism without a depreciation in the monetary value of either metal. The fixed ratio involves limited coinage, and unlimited coinage involves flexible ratio. If the silver people insist upon 16 to 1, they must expect limited coinage. If they insist upon free coinage, they must expect flexible ratio. If they reject both and insist upon unlimited coinage with the fixed ratio at 16 to 1, the country will be warranted in concluding that their aim is not to establish bimetallism, but to afford market for silver at a fabulous profit, regardless of its deranging effects upon prices, wages and industrial solvency.

### Politics of Greater New York.

THE question of the consolidation of Brooklyn and her suburbs with New York is drifting into a condition which taxes the utmost alertness of those who have it in charge to successfully steer it. The policy of the commission headed by Andrew H. Green has been Fabian and tentative. Doubtless the work has grown under this cautious management more rapidly than would have been possible had the commission pursued the bolder course of affixing a particular plan of union, or, in other words, a charter for the greater city, to their proposal. They were wise in having the people vote upon the simple question of union of the two cities. They have thereby secured, in the entire district of the Greater City, a vote of 176,170 for, to 131,706 against, the naked proposition to consolidate. The tactics of thus passing upon one question at a time is indisputable for the purpose of securing, or, as the skeptical would say, precipitating action of some kind in the direction of union. This advantage is necessarily purchased at the cost of some vagueness as to the terms of the union, with the probability that henceforth there will be a growing demand that the terms of the union be made known before further action.

This demand for an understanding now as to the terms of the future union, appears in part in a letter from Corporation Counsel Scott urging that Staten Island be left wholly out of the greater city, owing to its distance and sparse population.

and that something be made known as to whether New York City is to have her tax rate raised by more than 100 per cent. This would be involved in the establishment of any uniform tax rate. It would virtually saddle more than half of the heavy debt and high tax rate heretofore incurred by Brooklyn, upon New York taxpayers.

Brooklyn, he says, has reached her utmost margin of borrowing capacity under the Constitution, while New York falls short of it by sixty millions of dollars. Is New York to assume two-thirds of Brooklyn's excess of debt, or is Brooklyn to remain under her own load? The real estate in New York is assessed at an average rate of 60 per cent. of its market value. Our observation would lead us to say that New York realty is assessed more nearly at from 33 to 40 per cent. of its market value. Brooklyn real estate, on the contrary, is assessed at nearly its full market value, and on this its tax rate is one per cent. higher than New York's rate on its lower valuation. New York has about twelve millions of dollars of revenue from docks, markets and other sources outside of direct taxation, while Brooklyn has next to none. All these inequalities must be adjusted and their actual working known, before any voter, either in the Legislature or at the polls, can know what he is really voting for, in voting for consolidation.

Mayor Strong, with whom Corporation Counsel Scott may be supposed to concur, also declares that "the questions involved in the consolidation are of so grave and intricate a character that there should be no haste in the matter. The work of drafting a comprehensive charter for the new city," he says, "should be intrusted to a commission of competent citizens who can have ample time to perfect their work." His notion of the method of consolidation, which has been decided on by the Republican majority in Albany, is that, on the plea that the final act of union by the separate municipal corporations will be greatly facilitated, it is proposed to appoint Commissions solely to grab a lot of patronage. The Mayor said that if any bills providing for the appointment of such commissions are introduced in the Legislature, and they shall provide that the State Commissions shall supersede any New York City Commission, he will probably go to Albany to personally protest against such legislative action.

The city government of New York seems, therefore, to desire a continuation of the work of the Andrew H. Green Commission. At present the support of this policy leaves its supporters open to a division hereafter between a government by a single charter and a government by many detached statutes, each organizing some particular board. Those who desire the appointment of a new commission, to frame a charter, can temporarily pull with those who are working for the consolidation of the two cities, piecemeal, by independent acts of the Legislature, one for the police, another for the fire, and a third for the health, a fourth for the councils or legislative department, a fifth for the public works, law, streets, etc.

Meanwhile, the consolidation scheme is made part of a general scheme for reconstructing all the city governments within the State by dividing the cities into three classes according to population, so that the first class shall include only cities having upwards of 250,000 population, meaning New York, Brooklyn and Buffalo; the second will include cities having 50,000 or over, but less than 250,000. Into this class would fall Albany, Rochester, Syracuse and Troy. The cities of the third class are as follows:

CITY.	POPULATION.	CITY.	POPULATION.
Amsterdam .....	18,542	Lockport.....	16,088
Auburn .....	24,737	Long Island City..	35,745
Binghamton.....	34,514	Middletown.....	11,612
Cohoes.....	25,021	Newburg.....	24,536
Corning.....	10,025	Ogdensburg.....	11,956
Dunkirk.....	10,040	Oswego.....	21,969
Elmira.....	29,911	Poughkeepsie.....	23,196
Gloversville.....	14,694	Rome.....	13,638
Hornellsville.....	11,893	Schenectady.....	22,858
Hudson.....	9,633	Utica .....	46,608
Ithaca .....	13,460	Watertown .....	16,982
Jamestown.....	18,427	Yonkers.....	31,419
Kingston.....	21,495		

A State Municipal Board of Commissioners, to be appointed by the Governor, is proposed for the exercise of "critical and advisory powers over all the local municipal governments of the cities of the first and second class."

It is made the duty of this board to criticise and report upon all proposed laws affecting cities before their passage by the Legislature; to require such explicit reports upon the different branches of city government as they shall prescribe, and to preserve, tabulate and publish the same for the public

use; strictly to investigate the conduct of the government of the cities, their departments and officers, and to certify all municipal bond issues as to their form, regularity and legality. It is proposed that the charters of cities of the third class shall be uniform, that the Mayor have exclusive power to remove and appoint the heads of all executive departments (members of boards of administration); that he have direct supervisory power over the police; that he have a veto on all legislative acts of the Common Council, and that he be not a member of the Common Council, nor preside therein.

The chief intent of this portion of the proposed law seems to be to belittle and emasculate the Common Council, and to make of each Mayor a petty autocrat responsible to no one, a policy it may be remarked exactly opposite to that of all English city governments, and which seems to imply that in America a city council must, of necessity, be a nuisance.

Meanwhile, although Chairman Lexow of the Legislative Committee on Cities formally reports the Andrew H. Green Commission Bill, he does not look to the charter to be reported by that commission as being the chart to which he or the Republican majority in the Legislature will adhere in their own future course. On the contrary, he has a series of legislative measures in keeping or in prospect, which, if adopted, would render that commission obsolete.

From both these policies the eleven Brooklyn Republican Assemblymen have declared their dissent, and insist that if the Green Commission bill is made a party measure they will not be bound by the party caucus, and they desire that an agreement for a uniform tax rate in both cities shall precede the creation of any joint boards of government.

Senators Wray and Brush—both of Brooklyn—have bills for resubmitting the question of consolidation to a popular vote; Senator Brush desires the resubmission to be made before preparing a charter. He holds that the vote heretofore taken is a mistake, and that the people were misled. Senator Wray's bill, on the contrary, provides for the prior appointment of a commission to prepare a charter, after which there shall be a resubmission of the question of union on such charter. It instructs the proposed commission in advance to "draft a charter for the Greater New York which shall contain the

feature of an equal tax rate." It also provides for a commission, to consist of the Mayors of New York and Brooklyn, three men to be appointed by the Mayor of New York, three to be appointed by the Mayor of Brooklyn, and three to be appointed by the Governor from the territory to be consolidated outside of the two cities.

Thus, wherever Brooklyn comes upon the scene it is with a proposal to "even down" her tax rate at the cost of New York. Her representatives seem to suspect that a charter, prepared by the Green Commission and sustained by Strong, Scott and Lexow, might not effect this purpose.

The scheme of consolidating the departments of the two city governments, one at a time, involves the present appointment of the Commissioners of each department by the Governor. It is assumed that the ruling spirit in making the appointments would be Mr. Platt, who is also in charge of the Governor's interests as an avowed candidate before the next National Convention. There is an opportunity to attack a programme of this kind as tending to deprive the two cities of "home rule," which would give Tammany Hall, in New York, and the Democratic machine in Brooklyn a strong hand at the next city elections.

The strong blending of party manœuvring and personal interest which is thus interwoven with the question of consolidation is by no means favorable to the development of an ideal or model charter for the greater city. Tammany Hall will have its charter whose quality is not yet known. Possibly it may adopt Green's work as its own. The bills to be formulated by the legislative committees on cities seem likely to carry out the programme of still further eviscerating the City Councils and Cæsarizing the Mayor in all cities.

Since Mr. Lexow reported favorably the bill for continuing the Andrew H. Green Commission, he has further complicated the situation by proposing to create the Cities Committee of the two Houses of the Legislature into a commission for inquiring into plans of consolidation, with instructions to report not later than March 1st. This seems to indicate a Republican movement for more expeditious action than the Green Commission would furnish. The Green Commission endeavors to hold the consolidation plan suspended and to keep its terms and methods

vague as long as possible. Even the bill which it now proposes legislates nobody out of office or into office. It therefore consolidates absolutely nothing, and leaves matters in a shape where the Legislature can at any time remit the control of New York and Brooklyn into the hands of the Governor and his astute advisers or keep it suspended, like Mahomet's coffin, for a further indefinite period.

It would be desirable that before a new charter shall be framed for the largest population which has ever been brought under one city government, there should be some discussion of certain fundamental principles which have been supposed at times to underlie good city government.

There are some who would like to know, in advance of actual consolidation, whether the new city when created is to rule itself or is to continue to be ruled from Albany; whether it is to share its water supply and the revenue from its markets with Brooklyn, or whether Brooklyn is to run its own water supply and public works; whether the Greater City is to have any greater power of expropriation of lands and of requiring a higher standard of house building in the central portion of its area, or whether the most central portions are to be left to the slower tendencies of *laissez faire* and private enterprise; whether there is any virtue in the system so prevalent in England of creating the heads of departments by selection out of the members of the City Council, somewhat as committees of Congress are chosen. Can Manchester, Birmingham, Glasgow, Bradford, all have their city legislatures, while Greater New York must choose between being governed in some matters by an elective Czar and in all others by appointed satraps? Are we incapable of having a city legislature in which all the executive chiefs of the city government shall sit as members, so that each can explain, in advance of its adoption, how any legislation proposed by the others will affect his department?

Is the modern American system of converting the city council into a dummy, without power, or utility, or honor, and governing the city by a bureaucratic system like that of Germany or Russia, divorced from any responsibility to a deliberative body, a supremely perfect thing? Does it work well, as illustrated in the costliness and corruption of American city governments since it has come into vogue?

Is it a true rescue from the evils of city government to erect the Mayor into a Czar, while allowing the council to collapse into a putrid reminiscence?

Is it absolutely essential to the true principles of democracy that the control of both branches of the city government, and of all its departments, shall be relegated to the non-taxpayers; or would it comport seriously with both republican and democratic principles to have one branch of the city council elected by the taxpayers and heavier class of rentpayers and householders upon a general city ticket, so as to draw into its membership men known to the people of the entire city and no others? Would such a known citadel of the taxpayers and of the capitalists, land holders and business men of the city, be really more aristocratic than the dictatorship of the two or three party bosses, who now emerge out of our discredited system?

But to ask these questions, or any others, while the city is whirling onward in its "shooting Niagara" programme may be more nearly an academic exercise than a political suggestion.

Undoubtedly individual enterprise and corporate wealth will continue to dignify the Greater New York, whether it shall have any very high order of city government or not. Doubtless some sort of conglomeration which will answer for a *modus vivendi* will be devised. We do not say it will not be an improvement, but the deliberations which lead up to it, thus far, have a haste and an informal rush and crush about them which are more suggestive of a crowd trying to get across Brooklyn Bridge, than of two vast populations merging into one municipality.

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### What the English Think of Us.

It is very interesting to study the fluctuations of English opinion regarding the United States, as expressed in the most dignified journals. When they think there is no danger of a real conflict that will affect their power or profits they speak of America and Americans with a contempt bordering on brutality; not always even refined brutality. But when there is any real danger they adopt the rôle of patronizing flatterers, and seem not to know that this is as transparent as their arrogance.

When the President's Venezuelan message was issued, the

*Saturday Review*, the *Spectator* and other English journals, as we pointed out in our last number, treated it as the act of a big boy who simply needed a spanking. The *Saturday Review* flippantly remarked that a war with the United States would destroy three-fourths of our industries, "without taking into account the fact that all their" (our) "important cities along six thousand miles of coast would be bombarded and utterly destroyed."

As a part of this ill-informed opinion on American affairs, the same journal assumed that there was nothing behind the Venezuelan message but a bid for the Irish and Jingo vote. In short, that this country is run by a few corrupt politicians, who are supported by no intelligent public opinion; a thing seldom to be found in the United States anyway; and that the pulpit may be relied upon to prevent the American people from doing anything to the injury of Great Britain. Soon they found that the spirit and convictions of the people of the United States were not in the keeping of the pulpits; and even though the President might be influenced by narrow partisan reasons, Congress and the people from one end of the country to the other were a unit in supporting him, for very broad and public-spirited reasons. Whatever his motive, he expressed the real spirit and point of the American doctrine. This discovery surprised and even shocked them. They seemed not quite to know whether to get mad, play the bully, or adopt the tactics of the fox in the fable. But when the Boer incident arose, and Germany intimated that she was about ready to recognize the independence of the Transvaal Government, new light entered the British mind regarding America and Americans. Mr. Chamberlain and Mr. Balfour talked about the "Union Jack and the Stars and Stripes floating together in the cause of civilization," on the basis of a close brotherhood between the United States and Great Britain. And now the *Spectator* is surprised that there should be any other feeling in the United States regarding England than that of the warmest brotherly love. It says:

"We fear that the traditional dislike of England is very strong in the West, where there is a belief, akin to our own belief about Russia, that England is a most arrogant Power, always taking something, and always 'looking down' with a

certain scorn upon Americans and their doings. \* \* \* There is much other evidence of the growth of what we here call Jingoism in the Western mind, which has never had to encounter the smallest opposition, and can hardly conceive that there is any limit to the power of the Union, or that it is not 'naturally' supreme within the two Americas. \* \* \* *We do not believe that if we stirred in Europe the Americans would 'jump on our backs,' for they would probably deem such a course ungenerous; but they certainly would expect us to acknowledge that they could do it if they pleased, and to gratify their amour-propre by some large diplomatic concession.\* We have offered to arbitrate about the only territory which we believe to be outside our actual and historical possession; and to go further would be to admit the possibility of arbitration about the whole Empire. No doubt, we could, without arbitration, cede all the disputed lands to Venezuela, and so end the discussion; but that would be really, though not formally, an act of submission sure to provoke further and larger demands in the near future; for we must not forget that our very presence on the American continent, though it is because of that presence that the United States are in existence, is treated by Mr. Olney as 'unnatural and inexpedient.'* \* \* \* It is melancholy, however, for Great Britain to go on its business with the fuse of such a shell in the House still unextinguished, and more melancholy to feel that the rosy views of unity among English speaking peoples rested on so slight a basis of fact. And it is most melancholy of all, perhaps, to recognize that we know ourselves so little that we cannot even guess what it is in us that offends some Americans so much. Grant all that is ever said of us by races who do not understand us, to be true, and in whatway have we exhibited our evil qualities towards Americans? When we fought them we were beaten; they, and not we, have always had the best of any bargain, and as for 'arrogance' surely no man who understands English and retains his senses can deny its presence in the President's message."

If the *Spectator* is unable to understand why the feeling among Americans towards England is not unmixed affection, we suggest that it read its contemporary, the *Saturday Review*,

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\*All the italics are ours.

of January 4th. It will there get a sample of manners that Americans have not learned to call lovely. Apropos of the proposed address to American authors by English authors on the question of International Peace, that eminently respectable journal published with evident approval a protest from Mr. Morley Roberts who, after incidentally remarking that there are no authors to appeal to on the other side of the Western ocean, says: "In the first place, no Englishman with imperial instincts can look with anything but contempt on the *Monroe Doctrine*. The English, not the inhabitants of the United States, are the greatest power in the two Americas, and no dog of a republic can open its mouth to bark but by our good leave. Personally, I look forward to a time when a social and political revolt shall tear the heterogeneous plutocratic fabric of the States to fragments, and then the more truly democratic England may come by her heritage."

"Those who sign this precious paper go on to say that we are proud of the United States. Sir, we might be proud of them; but to say that we *are* proud of them is to speak most disingenuously. Who can be proud of our connection with a politically corrupt and financially rotten country, with no more than a poor minority vainly striving for health? It will be time enough to speak decently of the United States when we know why and for what this scare was created; when we learn who pulled the strings, and can count the few who have benefited by it."

"If our literature is the only bond between us and this most ill-mannered country, it may be time for us to repudiate American copyright before the Americans repudiate it. But literature is no real bond, because not one American in a thousand, no, not one in ten thousand, has had his manners made less brutal by the most casual acquaintance with it."

In the same issue the *Saturday Review* expresses itself editorially on the subject as follows:

"The question for Englishmen to decide is how they are going to meet these growing pretensions of the United States. To make concession, it may be argued, is absurd. We should only have to make further concessions four years hence, and so on in a preposterous series of humiliations. We must either resolve to give up our connection with Canada and to withdraw

from all our possession in both the Americas, or we must resist at once what Dr. Westlake calls a 'most flagitious policy' on the part of the United States, and use every means to strengthen ourselves in Canada in the immediate future. At first blush, Englishmen will be inclined to echo Lincoln, and declare that 'everything must go in' before England consents to lose her place among the nations. And such a policy might easily be justified. Those who cry for peace should remember that it is America that is making this war, and not England. *Their journalists and authors, forsooth, are not respected on this side; their unappeasable vanity, therefore, demands the supreme judgment; the responsibility for this crime of crimes must rest with them.* It is obvious that one might strengthen this argument of despair. The strength of America, one might say, is increasing year by year, and if they have the wisdom to wait, their wishes must in time have the force of law. In another thirty or forty years, there will be one hundred millions of people in the United States and the riches of the country will have more than doubled. It would therefore be to England's advantage to fight at once. But no such arguments should dissuade us from playing the game for empire as well as it can be played. We can submit the dispute in Venezuela to arbitration, and to American arbitration, without loss of self-respect. Let Lord Salisbury tell President Cleveland that, if he appoints on his commission Americans of the best class, such as Mr. Bayard or Mr. Phelps, Great Britain will afford the commission all possible assistance, and the difficulty is solved. We want nothing but what is right from Venezuela, and such Americans would see that all our rights were maintained."

"And as soon as America is conciliated, we must proceed to set our house in order. The greater part of the emigration into the United States comes from these islands. It would need but little to deflect the major part of it from the American northwest to the Canadian northwest. A ten per cent. differential duty in favor of our colonies would settle up Manitoba in ten years, instead of settling up Minnesota and Dakota. This differential duty would restore prosperity to New Zealand and enrich Australia and Canada, while reducing to hardship and to straits the population between the Alleghany Mountains and the Rockies, which is now clamouring for war. There is a

kernel of good even in things evil. Pressure from the outside, science tells us, increases the cohesion between the units that compose the body corporate. The threat of war by America will cause Englishmen to hold more closely together, and will diminish that selfishness on the part of the mother country towards the colonies, which has hitherto been regarded as the true commercial policy of the nation, and which has never deserved the name of policy, because it makes for disunion and not for union, for weakness and not for strength."

Englishmen, from the Prime Minister down, might as well learn first as last that while there are all the ties of common blood, language and literature between the United States and England, these will not serve to create a frank, confidential feeling between the two countries until England recognizes America on equal terms; until, at least, they become as respectful in the general treatment of America and American affairs as they are of those of Continental countries. They will receive about the kind of respect from Americans that they give to Americans, and there is no good reason why they should have any more.

There are many reasons why England and America should be the closest friends; and they might have been so, long ere this, but for the offensive snobbishness of England towards this country. Americans are not bitter towards England in the same inborn hereditary sense that the English are contemptuous towards Americans. On the part of Americans, it is a reacting irritation from English hostility and bad manners. A very little well-bred behavior on the part of the leaders of public opinion and official opinion in England would do much to create a warm, not to say enthusiastic, feeling in this country towards England. From looking over the general disposition and temper of other European, and, for that matter, Asiatic, countries also, it would almost seem as if England could hardly afford longer to rest her interests on her offensive attitude towards the United States. America is about the only country where she has any reasonable ground to hope for a lasting and deep-rooted friendship; but this can never be secured by any system of bullying, or feigned contempt.

The suggestion of the *Saturday Review* that "England should proceed to set her house in order and use means to deflect

immigration into Canada away from the United States," shows a glimpse of good sense. Our surprise is that England has not done that long ago. Our English contemporary thinks "a ten per cent. differential duty in favor of our colonies would settle up Manitoba in ten years, instead of settling up Minnesota and Dakota." Of course, this would be something of a violation of the Free Trade doctrine, but it would be good statesmanship. There is no doubt that England will be compelled, sooner or later, to give up the system of *laissez faire*.

We are just now seriously considering the adoption of more restrictive legislation against immigration from Europe. If England would put a twenty per cent. differential export duty on all emigrants leaving her shores in English ships, in favor of Canada, she would be conferring a great benefit on the United States. If the scheme should effect its purpose, she would save us the disagreeable duty of doing the same thing to prevent their coming here.

The *Saturday Review* is unquestionably right in saying, "the threat of war by America will cause Englishmen to hold more closely together, and will diminish that selfishness on the part of the mother country towards the colonies." And we may also add that "the threat of war (by England) will cause (Americans) to hold more closely together," and will diminish the influence of English opinions on American policy, and tend greatly to concentrate and intensify the patriotic feeling for the national development of the United States. The more that feeling is cemented and the more the international resources of the nation are developed, the greater will be the respect of England and all other nations for the United States. It seems to be a rule among nations as well as individuals that the respect and friendship of others increases directly as we are able to get along without them.

Manifestly the highest interest of civilization would be immeasurably promoted by a cordial friendship between the two great English-speaking nations; and it remains for England to say whether such friendship shall exist. If from any hereditary notions regarding her own superiority, England persists in refusing to submit to arbitration a claim to a disputed territory in America, she will make such friendship impossible. In the present instance her claim may be much better than that of

Venezuela, and indeed we suspect it is; but to refuse arbitration and insist that her own opinion shall be final in an American boundary question simply destroys all the validity to any pretense to friendship and race affinity, and compels the United States to treat her as an enemy.

If we are forced to take up arms in this instance, it will be not only in defense of the Monroe Doctrine, but in defense of the principle of peaceful arbitration in the settlement of boundary questions on these continents. If England's pride and contempt for the United States prevent her from recognizing this position, we can only express our regrets at her ill-mannered short-sightedness, and move on, leaving her to enjoy an increasing isolation among the nations of the earth.

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### Export Bounties Not a Remedy.

BY D. HUTTON WEBSTER.

THE depression in agriculture, in the United States and abroad, has charged the air heavily with schemes of relief. The German farmers beg the central government to check the downward tendency of the prices of cereals by taking upon itself the sale of imported wheat and other staples. In this country chimerical schemes have sprung up like the Russian thistles which the farmers urge the government to eradicate. Free silver, bonded warehouses, government loans on land, a mammoth wheat and cotton trust of all the producers of these staples, to raise the world's price, are only a part. The proposition for export bounties on agricultural staples is now the fad. The prices of American manufactures are increased by our protective tariff; so it is argued must be those of agricultural staples. It would seem that the fact that the price of all he sells at home or abroad is made in Liverpool, in competition with agricultural staples produced by the cheapest labor in the world, would lead to a doubt whether his prices could be raised by a bounty, in a way to involve a rise in all the world's prices, but it does not. They say: "Just so long as prices of manufactures are enhanced in value by protection, equity, justice and expediency demand an equal increase of prices for staple agriculture." True, prices cannot be raised by import duties

where the products are exports not imports. But a limited portion of the revenue collected from imports can be used to pay a premium on exported agricultural staples.

A moderate bounty, for a limited period, on the production of beet and cane sugar, or a protective duty upon its importation, would be a legitimate extension of the protective system. Not only would the agricultural interests, West and South, be greatly benefited, but ultimately the diffused benefit to the country at large in the ability to produce all the sugar we consumed would more than compensate for the temporary burdens such a bounty or duty would at first entail.

The time is approaching when the duties laid on agricultural products, of which we export a surplus, may become protective. In the case of wheat, for instance, it may become profitable to import cheap foreign wheat into this country, and nothing but a protective duty would then keep it out. Otherwise the American wheat grower will suffer the fate of his English cousin, who has been well-nigh ruined by the competition of the foreign wheat grower.

The export bounty proposition proposes to tax the whole people to pay farmers the freights on their products to their foreign market. Presumptively it should apply to all exports if to any. What would be the justice in refusing to grant bounties upon any agricultural exports? Why not grant bounties on hay and barley, oats and rye, tobacco, livestock, meat and dairy products, lumber and small fruits; in fact, upon every product of agriculture exported in payment for imports? Of all our exports, it is those of which we produce least that should be encouraged, rather than those of which we already produce too great an amount.

The most tangible effect of the imposition of export bounties would be to lay a heavy burden upon the public treasury. Just how large the bounties should be and what particular agricultural products besides wheat, corn and cotton, should be subsidized, has never been definitely stated. Of agricultural staples, a bounty of 10 cents per bushel on wheat, 5 cents per bushel on corn and 1 cent per pound on cotton has been proposed. Taking these three schedules only, let us see what would be the burden laid directly upon the Treasury, to supply the necessary funds to pay the bounties, and let us see also what

the consumer would pay indirectly in the shape of increased taxes and higher prices.\*

In 1894, we exported 164,283,129 bushels of wheat, and retained for home consumption 231,848,516 bushels.† A bounty of 10 cents per bushel on the amount exported would have cost the Treasury over \$16,000,000, and the people, in the higher prices of all the wheat sold at home, would have paid over \$23,000,000. Of corn, we exported in 1894, 66,489,529 bushels, and retained at home 1,533,006,602 bushels.‡ A bounty of 5 cents per bushel on the 4.11 per cent. exported, of the total amount produced would have entailed a burden upon the Treasury of only about \$3,000,000, but the domestic would have paid in enhanced prices over \$77,000,000. We sent abroad in 1894, 2,683,282,325 pounds gross weight of raw cotton, keeping at home 1,086,099,153 pounds. A bounty of one cent per pound would have taken \$27,000,000 out of the Treasury, and \$10,000,000 from the pockets of the American consumer. Thus, for these three staples only, the payment of the moderate bounties above mentioned would have cost the government over \$50,000,000 and the consumer would have been burdened to the amount of \$110,000,000, a total of over \$160,000,000, a sum one-third of the total expenses of the nation for 1894, and considerably above the amount of the customs revenue receipts.

Unlike the tariff duties, which provide a revenue for the

\* NOTE BY THE EDITOR.—This calculation assumes that a bounty would raise the price obtained by the American exporter in the Liverpool market for his wheat, cotton, etc., by the amount of the bounty. As there would be but one price for all in the Liverpool market, this rise would imply a like rise in the prices of commodities coming from countries which paid no bounties. This could not occur except on crops like cotton, of which the American supply would be so nearly the sole supply as to control the market. But on wheat our supply is not the controlling factor. The bounty could not raise the foreign and hence could not raise the domestic prices. It would cause the farmer to collect 10 cents a bushel of the price out of the government, and the remainder only out of the foreign consumer. Hence, it would cheapen our wheat to Liverpool buyers, not raise its price to American buyers. Hence, it would act as a bounty to the foreign manufacturers whose operatives consume our wheat and whose wage rate would be lowered to meet this lower cost of bread.

†Statistical abstract of the U. S. for 1894, p. 266.

‡ *Ibid.*, p. 266.

support of the government, these bounties would be an exhausting drain upon the revenues. Every increase in the amount of our exports would mean greater demands upon the Treasury and the pockets of the people. The existence of a large surplus to be marketed abroad, would invariably reduce the price paid by the foreign buyer who would get his wants supplied at a constantly lower cost. This would mean a reduction in the cost of living and a corresponding decrease in the wages of labor. Foreign manufactures would be cheaper than ever before, while the protection afforded to our own industries would not prove sufficient to keep out the lower-priced foreign goods. This could only be done by a further extension of protection by higher duties. And thus it comes about that export bounties would necessitate higher duties, which in turn would require higher export bounties, and so on indefinitely until we find ourselves traveling hopelessly in a circle.

"Pay the shipper," it is said, "a bounty of 10c. per bushel or 15c. per cental upon its export, that would raise the price of wheat consumed in the United States the exact measure of the bounty paid. The shipper would also pay the farmer the additional 15c. per cental for the reason that he would receive it back from the United States Treasury upon presentation of his bill of lading." The competition of exporters to handle as much as possible would, it is claimed, effect this result.

But in event of an enticing government bounty, combination among exporters to retain a share of the premium paid to them directly would be much more likely than competition. The farmer is not an exporter. His products are gathered together at the few great centres of commerce and pass through the hands of the comparatively small number of persons who are exporters. It is no idle fear to suppose that prices would be so manipulated as to leave at least a good share of the bounties in other hands than those of the producer. In the case of wheat and cotton, eventually the whole amount of the bounty might accrue to the grower, but this would not be true in the early years of its operation. With other products of agriculture, which do not represent such large interests as wheat and cotton, and the production of which is more scattered, it might be possible for the exporters permanently to retain a large part of any bounties granted. The American people would be

making a costly experiment without, however, materially improving the condition of the farmer.

To enlist the shipping interest in this proposition, it is to be enacted that the exports on which a bounty is paid shall be shipped only in vessels built by and owned in the United States. Only 14 per cent. of the carrying trade of this country is in American bottoms. Without the competition of the foreign vessels, it would be easy for American shippers to make high rates for freight, and by charging all the traffic would bear, appropriate a good share of the bounties.

The export bounty proposition is intended as a special measure of relief to the producers of the great staples, wheat and cotton, which form the largest items in our exports. It will be profitable to turn our attention to the peculiar conditions that confront us in these two branches of agriculture.

The fact stares us in the face that for the ordinary farmer of the United States, wheat raising is no longer profitable. Between 1868 and 1892 wheat suffered an average decline for the whole period of 35 per cent. The farm price has declined year after year, falling, for instance, from .538 cent in 1893, to .491 cent in 1894.\* We have not far to seek for an explanation of the steady decline in recent years. Practically all continental Europe raises sufficient wheat for domestic consumption. Great Britain is the chief buyer of the world's surplus wheat. In her limited market more than a dozen nations are competitors. By the recent introduction of labor saving machinery in cheap labor countries such as India, Egypt, Russia and Argentine, together with the enormous reductions in ocean transportation charges, the American farmer has been brought into direct competition with peon and coolie, ryot and monjik. Great Britain has been reaping the benefits of cheap breadstuffs and the American farmer has paid the bill. The farmers are deluding themselves with vain hopes if they imagine that the price of wheat can ever permanently rise. Wheat may be raised wherever civilized man can live, and the world has not yet reached by any means its limit of production. In Argentine, the wheat lands have only begun to be exploited; in the four years, 1891-94, her wheat exports increased from 32 million

\* See Report of the Statistician of the Department of Agriculture for March, 1895.

bushels to 80 million bushels, or one-sixth of the total crop of the United States. In the Canadian Northwest, in the immense steppes of Siberia and Southern Russia, in the vast plains of Australia, and in the fertile valleys of India, are untold acres of wheat land yet undeveloped. With the advantageous conditions that prevail abroad the future of cheap wheat raising seems to be immense.\*

As long as the American farmer continues to export wheat in competition with other countries, which can produce it at a much less cost, so long will wheat production become more and more unprofitable. Our land is wearing itself out to supply cheap food to Europe, and although we may float our bread across the waters, the profits will not return after many years of weary waiting.

And yet it is just this unprofitable, wasteful and disastrous wheat growing that it is desired to perpetuate by a system of bounties. The effect of a bounty sufficiently large to benefit the grower to any appreciable extent, would be to greatly increase the amount of our wheat production. Those who were about ready to drop out of the fight and turn to other crops would be induced to continue their production, while many, under promise of the bounty, would be induced to take up wheat raising on a large scale, on great bonanza farms. Now, it is evident that any large increase in our exports, as by the stimulation of an export bounty, beyond the amount actually required by the foreign market, would operate like the Argentine and Russian competition in recent years, simply to reduce the world's price. In 1894, Russia, Argentine, India, Australia and British North America exported to Great Britain about 42,000,000 cwts. of wheat.† The United States sent her nearly 25,000,000 cwts., considerably less than her exportation the year previous; but, notwithstanding this fact of the imports of foreign wheat into Great Britain, about one-third was from the United States. We are still a very momentous factor in fixing the world's price. The production of an extraordinary surplus could throw an immense amount of wheat upon the already over-crowded English market. The only way the

\* See a suggestive article on "Future Wheat Raising" in the *SOCIAL ECONOMIST* for April, 1894.

† *American Economist*, Vol. XV., No. 22.

surplus would be disposed of would be by lowering the price to the foreign buyer by just the amount of the bounty. Wheat that cost 65 cents per bushel to raise would be sold for say 50 cents per bushel, and difference got back in the bounty. We should be taxing ourselves to sell cheap wheat to the foreigner. The low price abroad would inevitably react upon the domestic market, lower prices would be the result, and the last state of the farmer would be worse than the first.

If bounties were granted on other products of our farms, such as live stock, meat and dairy products, tobacco, hops, etc., the cheapening in price to the foreign consumer would come out of the profits of the middlemen, rather than from the producer. The exporter would be always able to appropriate a greater share of the export bounties on these products than on agricultural staples. Hence, it would be to his interest to export as great an amount of these non-staple products as possible. But there are strong competitors in the foreign markets, and in order to induce the foreigner to take the American products in preference to those of other countries, it would be necessary for the exporter to give up part of the export premium in the shape of lower prices. The final effect would be, as with wheat, a lowering of the market price abroad at the expense of the American people.

The English export bounties on corn and other cereals, have been appealed to, as showing the beneficent results of this policy upon agriculture. By a statute passed in 1689, a bounty of 5 shillings a quarter on the exportation of wheat was granted, when the price did not exceed 48 shillings a quarter.\*

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\* The comparative merits of the English export bounty system have been a much mooted question among economists. The act is given in full in Macpherson, *Annals of Commerce*, Vol. II, p. 634. For various views of the act, see, in particular, Rogers, *Work and Wages*, p. 270; Cunningham, *Growth of English Industry and Commerce*, Vol. II, p. 371; Fawcett, *Protection or Free Trade*, p. 19 and pf.; Cox, *Free Land and Free Trade*, p. 27 and pf.; *Encyclopædia Britannica*, Vol. 6, art. *Corn Laws*.

Adam Smith, *Wealth of Nations*, Chap. V, argues strongly against the bounties; Malthus, *Theory of Population*, Bk. III, Chap. II, regards them more favorably; Ricardo, *Political Economy*, Chap. 23, holds that the effect of an export bounty upon corn is to lower the price to foreign consumers. The principle of export bounties is carefully criticised by a writer in the *Edinburgh Review* for 1804.

The object of the bounty was not only to foster agriculture, but it was intended to stimulate production so as to render it possible for England to raise at home all the corn (wheat) she consumed. The growth of enclosures for sheep raising had left the country dependent upon foreign lands for a large share of her corn, and it was thought highly desirable that England should produce enough for her own needs. This was finally achieved as the result of the bounty system, and the country, as a whole, profited; but agriculture received little permanent benefit. Capital was attracted to the land to take advantage of the high price of corn which at first prevailed. Agriculture was given a fictitious stimulus. More corn was produced than the market needed, the surplus sold abroad more cheaply than at home, while the domestic price was so reduced that corn sold at a lower price seventy years after the bounty was first laid than seventy years previous to 1689. The corn laws of the eighteenth century, says Cunningham, were a security for an abundance of a cheap food supply.

But the advantages or disadvantages of the English bounty system have no intimate connection with the merits of the present proposition. The chief object of the legislators of Queen Anne's day was to provide that England should raise a corn crop sufficient for her own needs as a safeguard against famine and a resource in time of war. But this proposition has no such aim. It simply proposes to pay American farmers to continue in an industry, unprofitable not only to themselves but to the whole country. As long as we export so long will the low price of wheat continue. What is needed is not the encouragement of a surplus for export, but a diminution in our annual yield, looking forward to the time when we shall raise wheat for our own needs only. To this result natural causes will also contribute. Wheat is a very exhaustive crop. Our grain lands are subject to a rapid depreciation in the amount of their annual yield. Thirty years of tillage generally reduce the return of grain at least two-fifths. The growth of our population is enormous. "In another generation, except for the resources which may be won from our swamps and arid lands, it appears doubtful whether our grain crop will greatly exceed the local demand."\*

\*Shales, United States of America, Vol. II, p. 410.

The great fact stands forth, and it is well illustrated in the case of cotton and wheat, that limitation of the production of the great staples and a judicious diversification of crops, rather than any appeal for legislative aid, are the only remedies for our agricultural depression. It is claimed that diversification is impracticable because we must pay for our imports with our exports, and these being largely wheat and cotton, any diminution in their production will at once react disastrously upon the country. Hence wheat and cotton producers must continue to raise the same amount of those staples as of old, and for their otherwise unprofitable agriculture, receive compensation in the shape of an export bounty. But proper diversification means the substitution of a paying export for an export which does not pay. For 1894, the exports of merchandise from the United States amounted to \$807,312,113, the imports to \$676,312,116. Of agricultural products exported the heaviest items were, in round numbers, of corn a value of \$28,000,000, of wheat \$72,000,000, of wheat flour \$52,000,000, of cotton \$202,000,000, a total of over \$350,000,000. That is, considerably over one-half of the values of our agricultural exports consisted of these four articles. Great as they are, we could drop from the list all of the wheat and flour exported and a large portion of the cotton, and easily substitute an equal value of other productions more profitable to export. In 1894, we sent to foreign countries, cattle, meat and dairy products, tobacco, seeds, hops, fruits, etc., amounting in value to nearly \$225,000,000. But the limits of European demand have been by no means reached. It would pay the American farmer, says Secretary Morton, to produce those things that people abroad wish to buy. What is needed is a vigorous campaign in foreign markets for our agricultural products, not staples. The wider the range of exports the better. American producers must carefully study the character of the foreign markets they seek to supply. We can export ever-increasing quantities of meats and fruits, butter and other dairy products, barley, corn, tobacco and many other products of our farms.

Judicious varying of crops means also that we shall raise here, agricultural products now imported at a great cost. The total value of our agricultural imports, exclusive of tea, coffee, etc., amounted in 1894 to over \$200,000,000. Practically all the

articles which go to make up this vast sum could be raised in this country. Let us take sugar for a striking example. In 1894, we imported 4,345,193,881 pounds of sugar. Of cane and beet sugar we produced about 655,000,000 pounds, or not one-fifth of the amount imported. All the beet sugar produced in the United States would not suffice for four days' consumption. We paid in 1894, \$126,871,889 for the single item of sugar imported. All of this enormous sum, equal to the total value of wheat and wheat flour exported, could be retained at home, giving employment to the great number of men required in the cultivation of the sugar beet and cane, for the work in the sugar factories and in the manufacture of machinery for those factories, and in the case with beet sugar, substituting for the exhaustive crop of wheat, the intensive culture of the beet.

And so we might extend the list. California alone might supply the United States with all its olive oil, of which in 1894 we imported to the value of nearly \$1,000,000, and with all the citrus fruits, nuts, raisins and prunes, of which our importations amount to nearly \$10,000,000. There are 10,000,000 acres in California alone which can be used to supply the country with the products of the fruit tree and the vine. There is said to be a great field in California for tobacco growing, for the growing of cork and other articles which we import so heavily.

In conclusion, we may sum up briefly the results of our examination of the merits of the export bounty proposition.

An export bounty is an attempt to bring about an equality in protection, where, by the nature of the case, none can exist. The two policies are antagonistic in every feature, and did both exist side by side the effect of one would be to neutralize the effect of the other.

The operation of the bounties would be inequitable, heavily taxing the American people in order to increase the cost of what they buy, at the same time that its general effect upon the class it is intended to benefit would be disastrous. It would prove finally an incentive to continue and extend a form of production now unprofitable, and would thus greatly retard that scientific, intensive farming which, with a proper diversification of crops is the only remedy for agricultural depression.

## Charles Booth and His Work.\*

BY DR. M. McG. DANA.

THAT the area of secrecy is narrowing, no one can now longer doubt. The public wears its heart upon its sleeve. Misery fascinates, and everywhere compels attention. Here and there a prophet speaks through the daily press, or through books, and thereby makes suffering vocal, or forces the busy, heedless world to halt, and consider what may, what must be done. Such a one is Charles Booth, who, in a monumental work on "The Life and Labor of the People in London," has elaborately described and analyzed their character, condition and prospects. It was undertaken with the purpose of making the fullest and most reliable investigation possible, so as to lay open to public view, and for critical study, the social status of the poor in Britain's metropolis.

This is now admitted to be the age of great cities, and the renaissance of interest in them is one of the signs of hope. The problems of the city are world problems, and because of their complexity, has wide research, comparison and careful induction from the vast amount of statistical data now in hand, been made necessary. The moral and economic relations of the city to the body politic and to civilization have only of late been recognized, and, as the result, students and reformers of every name and type are focusing their attention upon them. Our author has given to the world six volumes, in which we have a broad penetrating and thorough scientific study of London. They are packed full of most varied statistics, and illuminated with maps and diagrams. Mr. Booth was president of the Statistical Society of London in 1893-4, and has for years devoted both his time and money to the investigations which his books now put within the reach of all interested in social phenomena and questions. While ranking as one of the foremost statisticians of the world, he is at the same time a man of recognized candor and public spirit. There is no concealment about his methods, for he is careful to tell what processes he has followed, and to what results they have conducted. On two occasions the British Government has

\* "Life and Labor of the People." Charles Booth. London and New York, Macmillan & Co. Six volumes; at \$1.50. 1895.

testified its appreciation of his work, and to some extent enabled him to carry it on. In 1893, he was a member of the Royal Commission charged with the investigation of the Poor Law. Few, perhaps, would have had the courage to tackle the problems he has, and in the way he has, involving such painstaking research and so much difficulty in finding a clue through the labyrinth. But Mr. Booth is a master in this kind of work, though it remains to be seen whether the minute details into which he has descended were really necessary for any political or sociological purposes. It is, however, probable that the civic and national policy of England in reference to the poor will be largely affected by this exhibit of their condition, and by his pronounced views as to pauperism and old age insurance. We doubt, however, if Mr. Booth realizes the true significance and value of his work. At all events his service seems to be that of an investigator, a collector and collator of minute and exact data bearing on the condition of the various classes included under the term poor, rather than that of a philosopher or specific generalizer. This is the disappointing part of his books; for they are practicably usable only by experts; they place a mass of information at the disposal of the social student, leaving him to deduce the theories they substantiate, and the policies they suggest. It is not unlikely that this is Mr. Booth's way of doing this kind of work, and we must therefore accept it as his contribution to the sociology of London. Ordinary men have not time to wade through these volumes, and they are not designed for such readers. Specialists dealing with various phases of the municipal problem will find these books a mine of information, and so Mr. Booth's material will be worked over and made available in this way.

Dealing specifically with the people of London, Mr. Booth divides them into eight distinct classes, designating each by a letter, and so describing each that the class can be known the world over.

A—The lowest class, comprising occasional laborers, loafers and semi-criminals.

B—Casual earnings—"very poor," which includes those whose means are insufficient for independent life, and whose income falls much below 18s. to 21s. per week for a moderate size family.

C—Intermittent earnings }  
D—Small regular earnings } together "*the poor.*"

By the poor is meant those who have a sufficiently regular, though bare, income, such as 18s. to 21s. per week.

E—Regular standard earnings, above the line of poverty.

F—Higher class labor.

G—Lower middle class.

H—Upper middle class.

In a table by itself, he gives next the population by classes, according to means, position, and by sections based on employment. Districts of the city are then compared, *e. g.*—St. George's in the East is the poorest district, though Bethnal Green is very little above it. The area dealt with is peculiar to London, comprising unions of parishes or registration districts, and containing about 900,000 inhabitants, and known comprehensively as East London.

Mr. Booth's first claim about the classes already designated is that class A renders no service, creates no wealth, and degrades whatever it touches. Furthermore, it seems to be his belief that the individuals in this class are incapable of improvement, while their numbers are conditioned by the economic condition of the classes above, and also by the discretion of the charitably disposed. This class, moreover, is to a considerable extent hereditary, which justifies his opinion that therein is its menacing feature, and he puts the number belonging to it at 1 1-4 per cent. of the above population.

Class B numbers 11 1-4 per cent., and the laborers belonging to it do not average three days work a week, though Mr. Booth doubts if they could or would work more had they the opportunity. They constitute the leisure class among the poor, a leisure bounded very closely by the pressure of want, but habitual to the extent of second nature. To these the dullness and regularity of civilized existence is well-nigh unendurable.

Class D, which is nearly 14 1-2 per cent. of the population, and Class E, which includes 42 per cent., form together the actual middle class of the district in question, the numbers above and below being fairly balanced.

Then, by grouping A, B, C and D, we get those who may be said to be living in poverty, and they constitute 35 per cent. of the population. The classes E, F, G and H represent

those living in comfort, and are put at 65 per cent. of the population.

Mr. Booth is regarded, of course, as an authority on the matter of poverty, and we look for some generalizations or suggestions based on this elaborate classification which we have now presented. About all our author ventures in this direction is first to declare, what may not have been generally realized by those concerned—that is, that the so-called *very poor* are a crushing load to the poor; and further, that the poverty of the poor is mainly the result of the competition of the very poor. He therefore believes that the latter class must be eliminated out of the competitive struggle for existence, for only thus can any relief be obtained for those above.

Now, we question whether this can be done in any way suggested by Mr. Booth. Class A is "to be harried out of existence," but just how he does not tell us. Class B will have to be taken in charge by the community for its own sake, because incapable of independent existence up to the required standard. Undoubtedly it is a constant burden to the State, and those of this class are dear workers at any price, while they are the chief absorbents of the charities of all others.

They are shiftless, incapable, and, economically considered, a dead weight on the body politic. We are inclined to believe that these are peculiar to London. They represent a traditional poor class, largely the resultant of English life and the product of an aristocratic society. It is a sodden, immobile class, such as is not paralleled anywhere else. If the crux of the social problem is found in this class, then we doubt if Mr. Booth has found the solution. For inasmuch as it is formed by drift from all other classes, is, in fact, the social wreckage which for one reason or another is constantly developing, how are you going to eliminate it? For the State to take charge of the class and colonize it on cheap lands, and treat them, in fact, as dependents, and, if unable to meet the imposed standard, to break up the family life and draft them to the poorhouses, this is no cure of the state of things which produces the class. As economists, as aiming for the betterment of society, we want to know what makes the class called *very poor*, which Mr. Booth says has no future. This is London's unique problem, and while character and condition are accurately delineated, we are still left without

a really sufficient remedy for this quagmire under the whole social structure.

No city can safely have such classes as A and B, for by becoming a constituent part of its population, it not only is a social menace, but it tends to perpetuate itself. The industrial system in England; the wardship feeling accompanying inherited wealth and rank; the old traditions and customs of a feudal age—when the rich had numerous dependents for whom food and lodging were provided; a poverty hereditary and contented—this, in fact, accounts for the classes in question. Now that Mr. Booth has fully made known their numbers and habitat, how to deal with them is still unsettled. That there is a “submerged tenth” in what he terms a confessedly poverty-stricken district, is not the whole of a bad state. Since you have causes yet unremoved that keep this class replenished, the cure of abject poverty can only be found in drying up its sources.

Passing to the common lodging-houses, which in London have some distinctive features found nowhere else, Mr. Booth again gives a careful exhibit of their number and accommodations. There were in 1889 one thousand of these houses, capable of lodging 31,651 persons, and ranging all the way from a hotel to the crudest and cheapest lodging abode. Two significant facts we note in connection with these, first, they are increasing, and that betokens an irresponsible and unwholesome method of living; and second, they are largely the resort of a low type of the city's population, who have no desire for the privacy or permanency of a home. The bad economic feature about them is that it is so generally becoming profitable to house this increasing class of lodgers. It is an ominous sign when, in preference to homes of their own, men and women are willing to resort to this gregarious style of living. This is part of the house problem, and we are again disappointed that in a work so voluminous as this, we have no generalizations as to the influence and reason of this kind of existence. In London, inasmuch as the lodging-houses are under police surveillance, those resorting to them are under more or less restraint.

When we turn to Mr. Booth's description of the metropolis, with the street as the unit, we can see the practical benefit of these investigations. The locale of the extremest poverty is

thus indicated, and where the representatives of the various classes are to be found is pointed out. This exhibit has already led to wise action on the part of the authorities and private corporations in selecting sites for model tenements; and it has also proved a guide to those engaged in the dispensation of charity. In fact, that is what every community needs, for, by locating poverty, by knowing the character and condition of certain blocks of houses and single tenements in blocks, it has the key to the situation, and sanitary and social missionaries know where the plague spots in the city are, and can deal intelligently with them.

For this reason, Volume III. will prove the most popular in the series, for in it model tenements are discussed, and what their influence has been on tenants and neighborhoods is well brought out. In this part of his work Mr. Booth has availed of the help of expert assistants, and the monographs of such as Miss Octavia Hill make it both more readable, and, to the civic reformer, more suggestive.

For London this must be said, that it has led the way in the effort to provide comfortable and wholesome homes for the poor. Bad housing is now confessedly seen to be a terribly expensive thing to any community, and in this sphere of philanthropic and civic action the *laissez faire* doctrine has yielded most slowly. Mr. Booth has afforded great help to the London council, and we can commend this volume to the careful study of those who are interested in the matter of providing model tenements. As this is a subject which concerns every populous center, our author's investigations, and the views of his contributing monographists, will make this volume of world-wide interest and value.

It is, however, absolutely startling when running over some of Mr. Booth's unromantic but appalling figures, to find that in the lower classes there is an aggregate of 2,259,000 who cook, eat, sleep, wash, etc., in a single room; that there are 1,000 persons living with more than eight in a room; that 6,000 dwell with seven in a room, and 5,700 with five in a room. These data carry their own lesson; they set every friend of humanity reflecting on such a social state in the chief city of Christendom; and they already have awakened renewed interest in the subject of this volume, and will make imperative on moral and

sanitary grounds the breaking up of this sort of promiscuous herding.

To the student of civic immigration, Mr. Booth brings not only statistical information, but some generalizations which are of moment. He shows conclusively that London, despite its enormous population, is exceptionally homogeneous in its make-up. Whence immigrants come, and what industries they take up, is exhaustively shown the reader. The two forces conducting to immigration obtain in every country, and London's experience in this regard is true for all large cities. These two forces are *drift* and *current*; the former brings unsettled, restless spirits, with vague ambitions towards every large municipality, and also the social wreckage of the country and provinces; the latter brings more often the cream of the counties to London, with the purpose of seeking distinct economic advantages. This is the reason why cities are likely to continue to grow in size and population; for these are permanently operative forces. The bearing of this fact we should have thought Mr. Booth would have shown on municipal poverty. For, in the action of the first force, we find really the source of classes A and B. The tramps, the unemployed, the vicious and incompetent drift into London from all parts of the United Kingdom, and keep these lowest classes full; while with us they are replenished by foreign immigration. As yet we have no native proletariat, and therefore our condition is not the hopeless one of the city of London.

In the classification of the school population, Mr. Booth has placed at the service of the friends of progressive and popular education in London, most important and timely information. In England the study of classes is necessary, because there you find distinctive social divisions, and therefore this work is applicable in the main to the English metropolis. Still as the question of education is a burning one just now all over England, and especially in London, it was well that Mr. Booth took up the matter of ascertaining to what extent the children of the poor are reached. In this particular field of investigation one cannot but feel that his volume resembles our census reports.

The statistics gathered by Mr. Booth relate to penny banks, school libraries, bands of hope, cricket and football clubs, to the

number of pupils attending the board schools, to their physical condition, to the character and occupation of the parents, etc. The schools, too, are classified, as well as enumerated, and the number of both boys and girls provided for in secondary and proprietary schools. All this detailed information when gathered up for a single city amazes an American reader, and starts the inquiry, *cui bono?* To this, all that needs be said is that it is Mr. Booth's belief that the data are worth collecting; and that to the Londoner the work itself is like a parliamentary blue book. It would be of little consequence for us to know how many school children had bad mothers, or what trade their fathers followed, or whether they had a square meal before coming to school or not. We have no time to read such details; even if we had them, and if any one with Mr. Booth's genius should collect such statistics, they would probably be condensed and used for the purpose of establishing certain sociological principles, or would be related to the evolution of certain social phenomena interesting to all thoughtful persons. That only witnesses to the difference between English and American methods, as well as to the difference in their respective social conditions. One might go through these six volumes and glean out a good many practical things important to know, and with a direct bearing upon the life about him. Such service will be rendered by some future editor, who will condense this mass of detailed information, and give us the results which they have led up to. An Englishman, however, feels towards these books very differently from any one on this side of the water. He can say, and truthfully, it is a full portrayal of London's population in its poorest districts. Herein are its wage earners classified, their relation to the life line shown, their homes and character disclosed, whether their children are at school, and in what condition. The sociologist says it is invaluable; the civic reformer gets from these books pointers for his work; the philanthropist is guided by them in his efforts, and the charitable in the dispensation of their gifts. The churches learn through them where the districts of religious destitution are situated, and the London Council discovers by means of them the unsanitary spots and the congested neighborhoods, and thus to all who are working for the social betterment of London, Charles Booth has been a well-nigh indispensable help.

This voluminous work, we therefore believe, interests a great variety of readers, and will be the storehouse from which friends of civic reform will get their impulse and information. Perhaps the author was wise in refraining from positive generalizations; he has left that for various specialists, and has rather sought to supply all possible data relating to the social and industrial condition of the teeming toilers in the greatest mart and metropolis of the world.

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### Illinois Labor Report on Taxation.

THE Illinois Labor Bureau is advertised as consisting by statute of three "manual laborers," Mr. Charles G. Stivers, of Chicago; Lewis F. Lumaghr, of Collinsville, and William E. R. Kell, of Decatur. These three "manual laborers" have recently published the Eighth Biennial Report of the Bureau of Labor Statistics of Illinois, in 491 pp., octavo. We do not perceive that, though warranted to come from "manual laborers" only, it is one whit less imposing in the ponderosity of its statistics, and it certainly is very much more revolutionary and radical in its conclusions, than the celebrated report of the Rt. Hon. George J. Goschen, on Local Taxation in England. When manual laborers can turn out reports like this, without any interruption in their manual labor, they excel the South American woman who was traveling through the Andes in the cortege of Humboldt, and whose endurance attracted the admiration of the explorer and naturalist. She not only rode her mule through the steep mountain passes with ease in spite of being large with child, but when the supreme moment of her maternal crisis came, alighted under the friendly shade of a bush, remained behind the caravan for a couple of hours, assisted only by her husband, and a little later in the same half day overtook the caravan, riding into camp serenely smiling with her new born babe in her arms. There was little need there to inquire if "mother and child were doing well." So we gladly assume that these Illinois manual laborers—Charles, Lewis and William—have kept on weeding their onions, digging their wells and mining for coal, during their full nine hours a day, while the production of this book has served them for an amusement during "nooning."

Though the miracle of three manual laborers turning out such a stupendous composition without pay is hardly less than the reputed composition of Homer's two immortal poems prior to the discovery of an alphabet, yet they are put forward without a word of boasting on their behalf, a fact which proclaims in trumpet tones the modesty of the Illinois manual laborer.

The purpose of the Three Illinois Manual Laborers in this report is to prove that some of the property-holders of Illinois are paying taxes which ought to be paid by others of them, and particularly that property-holders in Chicago are paying taxes that in honor and justice ought to be borne by property-holders in Winnebago. As the composition of this work, without a single boast, by the three Illinois manual laborers, shows their modesty, so its aim shows their complete unselfishness. The evil which they seek to reform in no way affects their class. Neither in Chicago nor in Winnebago do manual laborers pay State, city or local taxes. Such taxes rest only upon real estate and personal estates of considerable value, and those who possess either cease to be manual laborers.

Like Prince Boodha of India, the three Illinois manual laborers go out of their own caste to champion the rights and redress the wrongs of suffering humanity. Better, however, than Boodha, they desire to shield the rich. They would save from excessive taxation the sun-kissed farmers and the wind-browned stockraisers of rural Illinois, who generally have to get on horseback to ride to the farther end of their farms, and always climb a very tall tree if they want to look over their broad acres.

Is it possible that the three manual laborers who dig, hew and heckle the labor statistics of Illinois have accepted as their motto the pretended view of Hamilton, "Let the law take care of the rich and the rich will take care of the poor?"

The astuteness of the "three Illinois manual laborers," when applied to taxation, first discloses itself in the vigor with which they discover perjury and expensive looting in the mode in which the Chicago banks state their "net credits" for taxation, under a tax law which they say requires that "gross credits shall be offset by bona-fide debts" (p. 32) "so that only the difference can be returned for taxation."

Under this law the Chicago banks state that their resources amount to \$87,621,762.58, and their liabilities amount also to \$87,621,762.58. To borrow an expression of the late Abraham Lincoln, their resources and their liabilities are as like as two peas, and there are no net credits whatever left for taxation except the black walnut railings, the inkstands and the paper-weights, which are said to amount to \$10,000.

The banks claim that their capital stock belongs to their stockholders; that the surplus fund and undivided profits go with the stock as the bridle goes with the mare; that the deposits are what the bank owes, and, in short, that all that it has it owes to somebody. All that it holds in the way of loans and discounts, bonds and cash, it holds as security for what it owes. Hence accounts balance, and the parable of the unjust steward is repeated with applause.

It is so palpably clear to the three Illinois manual laborers, that every corporation is the owner of its own stock, and ought to be taxed for it, that the pretence that to tax it once against its stockholders and once against the bank would be double taxation is a pure sophism.

But it is when the three Illinois manual laborers come athwart the fact that Chicago real estate is assessed at only a tenth of its fair value that the iron of monopolistic oppression enters their laboring souls. They point with pride to the small number of Chicago residents who own their own homes (scores of times greater than in any other city or village in the world), and say, "For this are we Laborers." Now the serious fact is that there is no fact of even the smallest dimensions in the alleged grievance. "In 1890, Chicago contained 31 per cent. of the population of the State of Illinois, and 30 per cent. of the true value of all property. She paid, in 1894, 31 per cent. of the State taxes."\* There is, therefore, absolutely no squirrel in the tree at which the three Illinois manual laborers are barking.

Yet on this very interesting but inadequate basis they ask to have Illinois adopt the single tax on land values, irrespective of their improvements. This is like levying a tax on the shadows cast by fence posts, irrespective of the posts. There

\*Taxation in Chicago and Philadelphia, by John R. Commons, in *Journal of Political Economy* for September, 1895. P. 435.

are no such shadows. So, irrespective of the estimated earnings which future improvements would enable land to yield, and the actual earnings which past improvements enable it to yield, land has no value. The assumed value of vacant land is merely the prospective and reflex effect of the value it will have when improved to adapt it to its location. All values of land relate, therefore, to its actual or prospective improvement. Irrespective of either it would be a myth like the net credits of the Chicago banks. In what we have said we have assumed that the Report is the work of the Three Illinois Manual Laborers and of them alone. Far be it from us to impute that there is a Bacon behind this Shakespeare.

Its secretary, George A. Schilling, is too intelligent, and, probably, owns too much land, to believe that taxes upon land, whether equal or unequal, can in any way be made burdens upon the landless manual laborer. He knows that Lake Michigan could as soon be made to rest on a duck's back. Perhaps he knows, also, that a man who works for wages is tethered by a homestead, and can be held to a lower wage rate than one who can move.

Governor Altgeld also reads history. He would be likely to know that under the Roman system of taxation by centuries, wherein the taxpayer's voting power was made exactly commensurate with the taxes he paid and the number of soldiers he was required to furnish, equip and maintain, men never concealed their wealth, or tried to evade their taxes or undervalue their estates, because the power was made proportionate to the burden.

Knowing this, if he were disposed to propose a remedy of any kind, and being straightforward, honest and free from demagogism, he would propose that the same thing be done in Illinois.

But he has not proposed it.

Hence we may conclude that this argument, that the inequality of taxation among the land holders of Illinois causes the whole land tax to rest upon those who own no land, and that the remedy for it lies in taxing a pure phantasy of the deceived brain, a value that can nowhere exist, did not originate in the brain either of Governor Altgeld or of Secretary Schilling. All this must be credited to the three Illinois manual

laborers, and to them alone. At least, like the Six Jolly Fellowship Porters in Dicken's "Bleak House," if they are not much around, the establishment enjoys a larger trade for being run in their name.

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### • Theory of Social Forces.\*

The above is the title of a monograph by Prof. Simon N. Patton, in which he attempts to state the theory of the forces which have evolved society. In the phraseology of Darwin, Spencer, Huxley and Haeckel, he marshalls the economic propositions of Smith, Mill, Ricardo and Carey. His literary method, however, is the ultra abstract style of Emerson, wedded to the remorseless dogmatism of Ricardo. Over all is thrown a soft and tender light of theological Christianity, mingled with vague German transcendentalism. Such a work will bother people and haunt the minds of people until they read it very much as Mark Twain's rhyme of

A pink trip slip for a five cent fare,  
A blue trip slip for a three cent fare,  
Punch brothers, punch; punch with care,  
Punch in the presence of the passengere.

Professor Patton's book will be searched by many who find it difficult to explain why they like it, or to make a satisfactory inventory of what they get out of it. He starts with the hypothesis that "requisites of survival" are the origin of ideas; in short, that our first beliefs are the product of the environment in which we are placed; that we believe what will best adapt us to survive in our environment; changing our beliefs only as we change to an environment in which the new belief still has most of the requisites of survival. A familiar illustration of this facility in adapting one's beliefs to his interest is the case of the Pennsylvania postmaster, who, when asked how it was that he held office under successive administrations of different politics, replied, "If the administration can change its politics quicker than I can it must be smart."

"The process of creating beliefs is not logical, nor is it the

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\* The Theory of Social Forces, by Simon N. Patton. (Wharton School, etc.) Philadelphia; published as a supplement to the Annals of the American Academy. 151 pp. January, 1896.

result of activity at the conscious center. Each new requisite for survivals starts new centers into activity and creates a new group of ideas and beliefs. As many independent beliefs are possible as there are requisites for survival necessary for the progress of the race. It is not difficult, therefore, to account for the presence of a great variety of beliefs among men, or for the ease with which new beliefs are acquired. They are as much the result of contact with the environment as the ideas and pictures of the sensory side of the mind." (Page 65).

Applying this doctrine or assumption to the views of any teacher, the question, Are they true? becomes painfully fresh and unsophisticated. The only wise question is, "Where has he been and whom has he met, or read?" That being answered, we will know what he thinks, just as we know the shape of a cheese if we see the mould in which it was pressed.

If anybody believes that honor and honesty in individuals give rise to credit and make exchanges with deferred payments possible, he must stand corrected. Prof. Patton says:

"The exchange of goods and the growth of credit would develop in individuals and in communities the feeling of honor, the love for truth and the desire to live up to their contracts." (just as the marsupial pouch develops in the forefront of female kangaroos by the convenience of extending the skin of their bellies frequently, in carrying their young).

The mode in which theologies come waltzing into being under the fiddling of the poets and the fuddling of the priests is satisfactorily cleared up in a very few sentences. (Page 105.)

"In the idealization of these conditions, so as to build a concept of the universe, God is placed completely outside of and behind the universe, just as the heroes on earth are external to and above the society they rule. He is thought of as the Creator of the Universe and the source of all life and power. In this way He is placed completely outside of society and is not subject to any of its laws. Such a concept of deity is satisfactory to beings whose first thought is to avoid pain and to secure protection from enemies. By its aid primitive people create social forces which unite them into groups and inspire them to action.

"In a social commonwealth, there would be no basis upon which a development of this kind could take place. There

would be no fear and no need of protection. The higher ideals of the people would be associated with progress and with freedom from protection. Social progress would be thought of as due to the united action of all the members of society."

The teaching that God is a subjective idea, a creation of poets and of the imagination, is naturally followed by the conclusion that society will in the long run settle down into the Comtean idea of worshipping universal humanity, *i. e.*, of self-worship, instead of remaining forever in the worship of an ideal shadow of itself.

Without further following Professor Patton's disquisition, it may be said that it is a compend of current advanced thought upon the lines laid down by the class of thinkers who regard organization as the cause of life, matter as the cause of mind, environment as the cause of ideas, body as the cause of soul, and man as the author of God. And yet this system of supposed ratiocination, whose metaphysical postulates are in all cases assumed without argument, are accompanied by so many complimentary and patronizing allusions to Christian beliefs, as being in harmony with the highest and final processes of thought, that many readers will doubt whether the outcome of Mr. Patton's work may not be to make the Christian religion the very keystone of the philosophic arch.

Professor Patton seems to be willing to accept the organizing and social aspects of Christianity as being part of the crop of evolution, and due to natural and involuntary selection among beliefs, according to their tendency to furnish "requisites for survival," *i. e.*, to supply man with the means of coming out victor in the struggle for subsistence. This is walking the tight rope over the abyss which yawns between scientific materialism and metaphysical religion with an audacity that Blondin might envy. And nothing can be clearer than that, like Blondin over Niagara, the walker steps out blindfold and with his feet in a basket, when he seeks to deduce a fundamentally metaphysical faith from physical resources. The central idea of all religion is that soul or force or energy is a dominant cause and inspiration of all material phenomena, not their effect. If this is not true, then the further genuflexions and compliments to religion are invested with a painful hypocrisy. If this is true, then an attempt to account for phenomena by describing en-

vironment and matter as being the creators of God and of soul are as fallacious as the effort to account for the gas flame by ascribing it to the tube, the gas and the lighted match. There is no quality in either the tube, the gas or the match which is not the product of some previous force, as metaphysical, as subtle and as purely beyond reduction to material or atomic form, as are gravity, cohesion and the sun's ray. And if metaphysical causes do thus dominate in phenomena, then the whole attempt to deduce inspiration from environment, life from organization and being from non-being is only an ignoring of this dominancy.

In this tendency, Mr. Patton reproduces the view of religion which Gibbon describes as prevailing during the most cultivated period and in the most cultured classes of ancient Rome. Then "all religions were to the vulgar equally true, to the philosophers equally false and to the statesmen equally useful." Where Professor Patton's ambiguities and dexterities will be most severely tested will be in his effort to combine in his own person the sincere devotion of the vulgar, with the sterile negations of the learned, and the many fruitful utilities which come to the diplomatic class, so that he will succeed in showing not only that Christianity is like all other religions, a product of environment and therefore false, and that it is unlike any other religion, a revelation of the Godhead and therefore true, but that wholly unlike itself while it sends its martyrs to the block and its crusaders to the slaughter, it is still an aggregation of all the means of economic survival, and therefore supremely and always useful.

Professor Patton keeps on hand a "social commonwealth" of his own, of course, which he makes to consist in having "evolved" out of "a pain economy" into a "pleasure economy."

There is something entertaining in his *dilettanti* mode of stating the vague attitude in which he both pooh-poohs and endorses the leading visionary schemes of the day under the epithet "democratic ideals." He says (pages 139 to 142):

"In modern nations, and especially in the pleasure economy, the strong feelings tending to help the dependent classes are due to democratic ideals. The older ideals of this group are justice, liberty, equality and fraternity. To them may be added ten-

dencies towards the referendum, the initiative, and proportional representation in the sphere of government, and in the economic world, such ideals as a living wage, surplus values, progressive taxation, the single tax and the right to live, to work and to enjoy the fruits of the earth. These ideals picture society as it may be in its finer environment, with the mastery of nature a completed task, and thus they assume a much higher state of civilization than we actually possess.

"While the picture of the environment presented by these ideals belongs to an advanced pleasure economy, there is one element in them which belongs to a pain economy. The evils and pains of life are represented as coming, not from the environment or from the defects of human nature, but from men. The strong and successful are pictured as being in a never ending conspiracy to defraud the weaker and less successful. The oppression of the dominant classes and their grasping nature are made vivid in a thousand ways by those who represent popular movements.

"Democratic ideals thus rest upon two prominent thoughts, the gifts of nature and the oppression of men. In emphasizing the gifts of nature, the environment of the distant future is pictured, when the mastery over nature is complete. In visualizing the oppression of men, the distant past is pictured, when the conditions of a pain economy were supreme. These ideals thus combine a prophecy of the future with a history of the past. The historical man of the distant past is put without change into the best environment of the distant future. The obstacles to progress thus seem to come from the dominant classes to prevent an equal distribution of the gifts of nature. There is a silence as to pains and the obstacles to progress which come from the environment and represent the cost of nature's bounties.

"Such pictures of nature and of men have been the inspiration of the leaders of democratic movements designed to free society from the control of its dominant classes. They were especially vivid at the time of the French Revolution, and are presented with fresh vigor in recent discussions. The ideals of Godwin which aroused the opposition of Malthus were similar to those of Henry George in his discussion of the land problem.

"These democratic ideals are the static elements of a pleasure

economy, for they hinder further differentiation and tend to keep in society all the classes it now contains. They retard the displacement of the less efficient classes and restrict the activity of the more efficient. They prevent the integration of society and the development of the type of men most fitted for the earth's best environment."

We believe the present work will be more widely read than his previous ones, which is speaking well of it, as Professor Patton has succeeded in interesting a not inconsiderable constituency which values his work highly.

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### Industrial Competition of Japan.

THERE is no country whose economic changes are likely to create so much industrial surprise, if not dislocation, in the next quarter of a century as Japan. Until recently Japan has been classed with China and other Asiatic countries as in the hand labor era. The more advanced machine-using countries, like England and the United States, have entertained no fears from competition with the cheap labor of Asia, because the economies of their superior machinery have more than offset the increase in the cost of production through their higher wages. This has led many economists of the *laissez-faire* school to assume that high wages instantaneously bring with them lower cost of production, attributing the diminished cost to the increased skill and dexterity of the higher wage laborers. Such writers as Edward Atkinson and Mr. Shoenhof are constantly adding to the flood of free trade literature on the basis of this very erroneous assumption. Because we could compete successfully in most lines of manufacture with Asiatic countries, it has been insisted that we could do so with England for the same reason, namely, that our wages were higher.

Having assumed that the superiority of high wage conditions all lies in the increased personal dexterity of the laborers, these writers seem to have entirely overlooked the great part machinery plays in low price machine phenomena. The reason this country is in greater danger from English competition than from the Chinese is that England has similar machinery to our own while the Chinese continue to produce by hand labor. Whenever two countries employ the same tools or

machinery the lower wages become the great element in determining the competition. That is precisely the case between the United States and England. So that while we have little to fear from the cheap labor of Asia, without modern machinery, we have everything to fear from the relatively lower wages of England, because English laborers have as highly perfected machinery as we have.

During the last quarter of a century Japan has been rapidly westernizing her civilization, and is now rapidly westernizing her methods of industry. At the present rate she is progressing it may not take her more than a decade to get the factory system, with its most modern equipments. Although this will be sure to act upon her laborers, raising their standard and increasing their cost of living, it will probably take half a century before her wages approximate the wage standard of the United States or even of England. To the extent to which she increases her factory methods faster than she raises her wage standard will she become a successful competitor with western producers; and will demonstrate the economic soundness of protection as a permanent principle in national statesmanship. All the world should rejoice at Japan's progress. But it will be a calamity for mankind if Japan should be permitted to destroy or even lessen the rate of progress in this country or in Europe. Her advent into the use of modern methods should be beneficial to her own people, and make her the missionary to carry similar methods and civilization into other Asiatic countries, but not to injure the civilization of western countries.

In the second number of the "Bulletin of the Labor Department," Commissioner Wright publishes an article on "The Industrial Revolution in Japan," by William Eleroy Curtis. The facts given show that the industrial condition of Japan may have a very significant bearing upon international competition of the immediate future. Mr. Curtis says:

Japan is becoming less and less dependent upon foreign nations for the necessities and comforts of life, and is making her own goods with the greatest skill and ingenuity. Since their release from the exclusive policy of the feudal lords, the people have studied the methods of all civilized nations, and have adopted those of each which seem to them the most suitable for their own purposes and convenience. They have found one

thing in Switzerland, another in Sweden, another in England, others in Germany, France, and the United States, and have rejected what is of no value to them as readily as they have adopted those things which are to their advantage. It is often said that the Japanese are not an original people; that they are only imitators; that they got their art from Korea, their industries from China, and that their civilization is simply a veneer acquired by imitating the methods of other countries. All of this is true in a measure, but it is not discreditable. Under the circumstances that attend the development of modern ideas in Japan, originality is not wanted, but a power of adaptability and imitation has been immensely more useful. The Japanese workman can make anything he has ever seen. His ingenuity is astonishing. Give him a piece of complicated mechanism—a watch or an electrical apparatus—and he will reproduce it exactly and set it running without instructions. He can imitate any process and copy any pattern or design more accurately and skillfully than any other race in the world. It is that faculty which has enabled Japan to make such rapid progress, and will place her soon among the great manufacturing nations of the world.

It was only forty years ago that the ports of Japan were forcibly opened to foreign commerce. It was only twenty-eight years ago that the first labor-saving machine was set up within the limits of that empire. Now the exports and imports exceed \$115,000,000.

It is a curious fact that 10,273,401 fans, 2,348,810 umbrellas, 134,206 screens, 455,659 paper lanterns, and 13,843,022 gross of matches were shipped from Japan in 1894.

The industrial revolution that is now going on in Japan is quite as remarkable as the political revolution that occurred there thirty years ago, and equally important to the rest of the world. Until recently all the manufacturing done in Japan has been in the households, and 95 per cent. of the skilled labor is still occupied in the homes of the people, and in a measure independent of the conditions that govern wage workers in other lands. The weaver has his loom in his own house, and his wife, sons and daughters take their turns at it during the day. It has always been the custom for children to follow the trade of their parents. The finest brocades, the choicest silks,

the most artistic porcelain, cloisonné and lacquer work are done under the roofs of humble cottages, and the compensation has heretofore been governed usually by the quality of the piece produced.

There have been but two strikes in Japan. One of these occurred among a railway construction gang, who were hired for certain wages to work six days in the week, and were required to work seven without additional compensation. When their protests were unheeded they laid down their tools and appealed to the police authorities for the enforcement of the law which makes six days a week's labor, and provides that no employé of the government or any corporation or private individual shall be compelled to work more than six days in a week without extra compensation. Sunday is the usual day of rest in Japan. Its selection is not due to law nor to religious scruples, but to public convenience and, perhaps, out of respect to foreign nations. When what is known as the six-day law was passed, the Government set the example by closing its offices on Sunday, and all other institutions followed suit. That law was originally suggested for sanitary reasons.

The second strike in Japan occurred in Tokyo in the summer of 1895. A party of bricklayers engaged in building a factory near Tokyo had their hours of labor extended from twelve to thirteen because of a desire on the part of the management to complete the job and start the machinery as soon as possible. The men did not object to this increase of time, but asked a corresponding advance of wages, which, as they were getting only 12 cents a day in our money, would have been only 1 cent a day increase for each, or perhaps \$1 a day for the whole gang. But the contractor refused, and they quit work. He got other bricklayers to take their places, but they were induced to abandon him also, and as he persisted in his refusal to do what the men considered simple justice, it was decided to send emissaries to all the other bricklayers in the city and ask them to join in a sympathetic strike. This attempt to introduce foreign methods into the conservative labor system of Japan was only partially successful. The greater part of the bricklayers employed in the city declined to join, but a thousand or more men, engaged upon the city water works, on some railway freight houses and other large structures, quit, and it was several days

before the difficulty was adjusted. Public sentiment was aroused by the disturbance, and the contractor who caused the trouble finally compromised with his men and went back to twelve hours' work for twelve hours' pay.

The ancient system of household labor is being rapidly overturned by the introduction of modern methods and machinery. The older artisans are offering a vain resistance and cannot be drawn from their antique looms and forges by any inducement that has yet been offered, but the younger generations are rapidly acquiring a knowledge of the use and value of labor-saving machinery, and factories are being built in all parts of the empire. The greatest progress thus far has been made in cotton spinning and weaving, but several iron mills have been established and machine shops are springing up all over the empire. In four years the new treaties go into effect, when foreigners will be allowed to engage openly in manufacturing enterprises. Then their capital and experience will give a decided stimulus to mechanical industry and the increase in the productive power of Japan will be even more rapid than now.

The first manufactory established in Japan was a cotton mill down in the southwestern corner of the empire, in the province of Satsuma, which has produced the best pottery and some of the greatest men. Prince Shimazu was its patron. Having learned something of modern arts and sciences from the Dutchmen who were allowed to remain on the island of Deshima, he started a laboratory on his estates, in which he learned telegraphy, photography, and how to make glass, coke, and gas for illuminating purposes. A few years later he built a factory near his summer villa, which was half arsenal and half iron foundry. He made guns there and other articles of iron, and experimented with explosives.

The next factory was set up by Mr. Kajima of Tokyo, in 1867, while the country was still disturbed by the war. It originally had but 720 spindles, but now operates 82,000, and is the largest in the empire. These were the only factories in Japan until 1879, when the government undertook to encourage such enterprises, and established two well-equipped plants in different parts of the country to educate operatives and demonstrate the superiority of modern machinery. It set up four

more in 1880, four in 1881, one in 1882, another in 1883, and still another in 1884. They served their purpose, made machine spinning popular, and have since been handed over to private companies, who are operating them with great profit.

The industry has grown so rapidly that, according to statistics gathered by the Osaka Board of Trade, there are now 61 factories in operation, with 580,564 spindles, employing 8,899 men and 29,596 women. The factories in course of construction, and which will be in operation during the present year, will bring the total number of spindles up to 819,115. Thirty-seven of these factories are at Osaka. The largest in the empire has 82,000 spindles, and the smallest 1,136. There are four with more than 50,000 spindles, and thirteen with more than 25,000.

The first genuine foreign factory to be established in Japan is the Osaka Tokei Seizo Kubushiki Kwaisha, familiarly known as the American Watch Company. It was started on January 1, 1895, and turned out its first finished watch on April 10th. The organizer and promoter of this company was Mr. A. H. Butler of San Diego, Cal., who took an outfit of watch-making machinery to Japan and induced a number of jewelers and watch dealers in Osaka to furnish \$160,000 capital to pay the cost of a building and the running expenses of the business. The company is incorporated under Japanese law, and the stock is all in the names of Japanese citizens, although 140 of the 300 shares actually belong to Mr. Butler and his associates.

Japanese architecture is not suitable to factory work that requires a great deal of light and protection from wind and weather, and therefore it was necessary to erect a new building of brick upon the American plan, 240 by 40 feet in size, with an abundance of windows.

In the meantime, the machinery was set up in temporary quarters and a number of men and boys, who had already been engaged in repairing and manufacturing hand-made watches and clocks, were assembled to be educated by P. H. Wheeler, the superintendent, and his assistants. Mr. Wheeler had worked in Elgin, Rockford, and Springfield, Ill., and in Columbus, O. He brought with him from America nine experts, who, like himself, have contracts for three years and an option of renewal for three years longer at the end of the first term. They are as

follows: From Elgin, F. M. Clark and William Keene; From Rockford, T. Schnarke; from Springfield, L. Sylvester, E. V. Goodman and Charles Gassler; from Columbus, H. Barbier, S. B. Finch and George Flick.

These gentlemen say that their Japanese students show very great aptitude and skill, and that they learn much more rapidly and have a much more delicate touch than persons of similar intelligence and condition in the United States. Nearly all of them had some experience in making or repairing watches and clocks before they came into the factory, and a few had used hand machines for drilling, polishing and that sort of work; but the modern machinery at which they were placed was entirely new to them. They are mostly young men, aged from eighteen to thirty. As none of them can understand a word of English, and none of the American experts could speak Japanese when they arrived, the work of instruction might have been very slow but for the keen perception of the pupils.

It is difficult to explain a proposition to the Japanese, but their power of imitation is so well developed that the easiest way to teach them is to go through the process yourself and let them watch you. Almost instantly they are able to repeat it, and will continue to do so until the end of their days without the slightest variation. Another difficulty in this school of instruction was the absence of words in Japanese to describe the machinery and the parts of the watch, but the English terms were adopted and are now exclusively used.

The highest wages paid to the skilled native workmen in the factory are only 40 sen a day, which is equivalent to 20 cents in our money. The lowest wages are 10 sen (5 cents) a day, while in American factories the same labor would be paid from 50 cents to \$5 a day. The capacity of the factory when fully in operation will be 150 watches a day, and owing to the low price of labor they can be sold with a profit for 50 per cent. less than the market price in the United States and Europe.

The following tables shows the rates of wages per day paid to Japanese artisans and laborers: (Values stated in American gold on the basis of 2 silver yen to the dollar.)

## DAILY RATES OF WAGES, JAPAN.

OCCUPATION.	HIGHEST.	LOWEST.	AVERAGE.
Blacksmiths .....	\$0.60	\$0.18	\$0.30
Bricklayers.....	.88	.20	.33
Cabinetmakers (furniture).....	.53	.17	.30
Carpenters.....	.50	.20	.30
Carpenters and joiners (screen making).....	.55	.17	.30
Compositors.....	.83	.10	.29
Coolies or general laborers.....	.33	.14	.22
Cotton beaters.....	.45	.13	.23
Dyers.....	.60	.05	.25
Farm hands (men).....	.30	.16	.19
Farm hands (women).....	.28	.06	.19
Lacquer makers.....	.58	.15	.29
Matting makers.....	.50	.20	.30
Oil pressers.....	.34	.16	.25
Paper hangers.....	.60	.20	.31
Paper screen, lantern, etc., makers.....	.55	.20	.31
Porcelain makers.....	.50	.13	.29
Pressmen, printing .....	.70	.11	.26
Roofers.....	.60	.20	.29
Sauce and preserve makers.....	.40	.10	.24
Silkworm breeders (men).....	.50	.10	.22
Silkworm breeders (women).....	.25	.05	.17
Stonecutters.....	.69	.22	.36
Tailors, foreign clothing.....	1.00	.25	.49
Tailors, Japanese clothing.....	.56	.15	.28
Tea makers (men).....	.80	.15	.31
Tobacco makers.....	.50	.11	.26
Weavers.....	.40	.07	.15
Wine and sake makers.....	.50	.15	.29
Wood sawyers.....	.50	.13	.30

## DAILY RATES OF WAGES PAID IN YOKOHAMA.

OCCUPATION.	RATE PER DAY.	OCCUPATION.	RATE PER DAY.
Blacksmiths .....	\$0.36	Porcelain makers.....	\$0.24
Carpenters.....	.26	Pressmen, printing offices.....	.19
Carpenters, ship.....	.29	Roofers.....	.26
Compositors.....	.29	Sake brewers.....	.22
Confectionery makers and bakers.....	.17	Sauce and preserve makers.....	.24
Cotton beaters.....	.17	Screen makers .....	.26
Dyers.....	.24	Silk spinners (female).....	.17
Joiners.....	.29	Stonecutters.....	.31
Laborers, ordinary.....	.19	Tailors, foreign clothing..	.48
Lacquer makers .....	.24	Tailors, Japanese clothing..	.24
Matting makers.....	.24	Tea-firing men.....	.14
Oil pressers.....	.24	Tea-firing women.....	.10
Paper hangers.....	.24	Tea pickers.....	.29
Plasterers.....	.26	Tilers.....	.31
Porcelain artists, ordinary.....	.38	Tobacco and cigars makers.....	.24
Porcelain artists, superior..	.72	Wood sawyers.....	.29

There has been little inducement for the development of inventive genius in Japan until recently, and the greater part of the applications already filed in the patent office have been for trifles, like children's toys, or improvements or changes in foreign methods and machinery to make them more useful in that country.

I asked Mr. Matsudiara, the chief examiner of the patent office, at Tokyo, whether the introduction of common schools and compulsory education had improved labor.

"That is difficult to say," he replied, "but so far as I have observed, education is not improving labor. The little education that the common people receive in the public schools makes them abhor labor. It has always been the custom in Japan for families to follow the same trade or occupation for centuries after centuries, but when a boy receives an education superior to that of his father he seems to feel that the old mode of life and avocation are not good enough for him. If he is a farmer's son he wants to live in the city, and if he is the son of a mechanic he wants employment under the government or some less laborious occupation than his family have followed. But I believe the Japanese are not peculiar in this respect. I think it is the rule all over the world that when a man acquires learning he wants to advance in other respects also and better his condition."

While the Japanese will soon be able to furnish themselves with all they use and wear and eat without assistance from foreign nations, they will be compelled to buy machinery and raw material, particularly cotton and iron. Therefore our sales will be practically limited to those articles. And the market for machinery will be limited as to time. The Japanese will buy a great deal within the next few years, almost everything in the way of labor-saving apparatus, but they are already beginning to make their own machinery, and in a few years will be independent of foreign nations in that respect also. Another important fact—a very important fact—is that they will buy only one outfit of certain machinery. We will sell them one set, which they will copy and supply all future demands themselves. This will go on until the new treaties take effect, when American patents will be protected.

They have very little wood-working machinery; and very

little shoemaking machinery, for the people do not wear shoes. The same is true of knitting machinery, for they do not wear hosiery. I do not think that more than 20,000 out of the 41,388,313 people who compose the population of Japan wear shoes and stockings. Ninety per cent. go barefooted and bare-legged, women, children and men protecting their feet from the stones by wooden and straw sandals. The higher classes have the same sort of foot gear, but it is made in a more finished manner, and they wear little cloth affairs that they call "tabis" upon their feet. These are made of white or blue cotton, and do not go above the ankle-bone. But the use of shoes and hosiery is increasing, and the people will grow into it as they have grown into other foreign notions.

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### Foreign Commerce for 1894-1895.

THE official summary comparing the commerce, tonnage and immigration of 1894 and 1895, as prepared by the Bureau of Statistics of the Treasury Department, has just appeared and contains some points that deserve notice. Our imports that are free of duty are almost exactly the same in totals for the two years, viz., for 1894, \$383,371,933, and for 1895, \$384,-810,163, notwithstanding a falling off of articles of food and live animals to the amount of \$73,406,212, and an increase of \$63,167,881 in "articles in a crude condition for domestic industry." It seems remarkable that sugar which passed from the dutiable to the free list during the period, should have diminished in importation from 4,034,105,924 pounds in 1894 to 3,488,450,685 pounds in 1895, and from a value of \$105,178,-073 in 1894 to a value of \$67,413,326 in 1895. We seem to have used 600,000,000 pounds less of sugar per annum when it became free than when it was under duty and to have expended \$30,000,000 less in its purchase.

Tea, which was free in both years, shrank slightly in use, viz., from 102,082,702 pounds in 1894 to 97,883,051 in 1895. Our imports of hides and skins were doubled both in quantity and value, viz., from 147,321,997 pounds, worth \$18,541,449, to 283,506,793 pounds, worth \$36,432,989. To make such an increase interpretable economically, we should know how this increased importation compares with the domestic production of

hides in the same period, of which, unfortunately, the government takes no statistics whatever. There was an increase in the export of leather and its manufactures from \$14,888,068 in 1894, to \$18,492,760 in 1895, but an increase in export of \$4,000,000 worth of leather would have formed but a partial outlet for an increase in importation of hides to the amount of \$18,000,000 worth. In 1883, the great leather trust was formed, under whose operations most of the tan bark in the country was, it was said, bought up. It is known that cattle were slaughtered so heavily in the period of financial depression, that the total number in the United States was less by 3,287,023 head on January 1, 1895, than they had been on January 1, 1893, and this slaughter would naturally increase, for that period, the domestic supply of hides, which can hardly be less than ten times greater than the importation. As there has been no change in duties on hides since 1873, there seems to be no cause to which to attribute the increase in the import of hides and export of leather and its manufactures in 1894-5 other than the creation of the leather trust and consequent new economics in the trade.

Meanwhile, the increase of \$124,240,449 in the aggregate values of goods imported is not paid for by any increase in exports of merchandise. We exported \$807,312,116 worth of domestic merchandise in 1894, and \$807,740,016 worth in 1895. Though this export exceeds our imports for the year (\$801,663,-490) by about six millions of dollars, this excess is the smallest that has occurred in eight years, and the total exports are the smallest of any year since 1888.

What a splendid commentary these figures exhibit upon the standard free trade argument that unless you buy of foreigners (competing products, of course,) you cannot sell to them. Here we expanded our purchases of dutiable goods from foreigners by \$124,240,449 or nearly two dollars per capita, and we sold them only \$300,000 worth more, or say four cents worth per capita. If we turn to the exports of gold and silver it is not difficult to see how our increased purchases of competing foreign goods were paid for. In the tariff debates of 1828-34 Mr. Webster could argue that the difference was paid for in the freights earned by our vessels in the ocean trade; but now we are making no earnings of that kind. In prosper-

ous years, or rather in years of easy credit, free trade orators can argue that the adverse balance is paid for by an export of American securities and shares, but in these two years of depression more securities were sent home to us than were purchased anew. Hence, the difference could not be balanced in that way. But our net exports over imports of gold were \$72,066,287; our net exports of silver over imports were \$42,547,046. Total export of coin and bullion, \$114,613,333, which comes within \$10,000,000 of adjusting the above increase of imports.

Looking at our exports more minutely we find that those of agricultural implements have risen slightly, viz., from \$4,765,793 to \$5,319,885; those of cattle have shrunk in number nearly one-half and in value from \$38,963,554 to \$26,997,771. We have sent abroad more horses, however, the export rising from 8,171, worth \$1,363,588, to 19,853, worth \$3,006,502. Our exports of sheep, one-half of which are to England, have risen from 274,133, worth \$1,711,355, to 500,171, worth \$3,310,936. Free wool, therefore, favors the export of sheep, as free trade favors the exodus of population.

Our export of breadstuffs in all forms was \$125,604,486 in 1894, and \$125,266,871 in 1895; our foreign cousins resolutely refusing to buy an ounce more of our flour or wheat, though we increased by \$2 per capita our purchases of their goods. Our export of cotton shrank from \$200,413,772 to \$189,890,645, and our export of cotton cloths fell from \$11,602,905 to \$10,100,881, but we sold nearly \$1,000,000 more of fish and a like amount more of fruits abroad. Our export of hops rose in quantity from 14,305,065 pounds to 17,959,164 pounds, but fell in price, so that we got only \$1,745,945 for the larger export of 1895 against \$2,124,311 for the smaller export of 1894.

Our export of manufactures of iron and steel rose in value from \$29,943,729 to \$35,071,535; but our handsomest increase in exports was in mineral oils, which rose from \$36,588,959 to \$50,842,983. This rise in our export of oil seems hardly adequate to account for the report that the Standard Oil Company of New York will distribute dividends amounting to \$33,000,000 for the year, notwithstanding the lively competition of Russia in the petroleum manufacture, and of the electric light companies, the municipal gas companies, the wax candles and

the professors of socialism and the Bartholdi statue in furnishing the light supply.

Our export of meat and dairy products sums up thus:

	1894.	1895.
Beef—Canned .....	\$5,233,795	\$5,476,040
Fresh.....	17,404,763	16,522,018
Salted.....	3,722,914	3,743,667
Tallow.....	1,748,893	1,207,350
Hog Products—Bacon.....	37,736,883	37,411,944
Hams.....	10,239,228	10,996,870
Pork.....	4,701,872	4,430,156
Lard.....	39,378,242	37,348,753
Mutton.....	195,539	37,222
Oleomargarine.....	11,265,110	7,824,893
Poultry and game.....	19,717	28,418
All other meat products.....	1,476,634	1,593,651
Dairy Products—Butter.....	1,730,210	2,194,103
Cheese.....	6,682,694	3,401,117
Milk.....	206,041	240,642
Total provisions, etc.....	\$141,742,435	\$132,456,843

With a falling off of only \$9,000,000 in our exports of provisions of all kinds, and with our exports of breadstuffs absolutely stationary for the two years, and with a net falling off in export of live animals of only \$8,529,362, there is a falling off in the imports of articles of food and live animals to the amount of \$73,406,212. This, taken with our increased importation of competing foreign goods, seems to indicate that in times of stringency and money pressure, we at least depend more and more on the home supply for our foods, and produce a larger proportion of them. Perhaps this is what Mr. Toots meant when he undertook to solve the inquiry of the Member of Parliament, "What shall we do with our raw materials when we discover that our gold is going abroad in exchange for an inordinate supply of foreign goods?"

Mr. Toots did not understand very well what the inquiry meant, but he thought the answer "Cook 'em, sir!" might prove to be as safe as any other.

## Social and Industrial Statistics.

BY HON. CARROLL D. WRIGHT.\*

[Specially reported for GUNTON'S MAGAZINE.]

Complete and accurate statistical information is a prime necessity in our complex modern civilization. Facts, and all the facts, must be had before we can reach any satisfactory solution of present day problems. The statistician writes crystallized history. The science or scientific method known as statistics is comparatively young, but already its processes have become highly efficient. Indeed, had the records of the past been based upon information collected with anything like the thoroughness, impartiality and attention to detail required of the modern investigator, written history would have been far truer than it is.

Statistics may properly be grouped under three heads:

- (1) Records of continuous events, or history in the skeleton;
- (2) Enumeration of aggregates, such as census and immigration figures; and
- (3) Investigations covering representative facts, such as rates of wages, cost of production, etc.

Among the sources of statistics are the official records of states, municipalities and courts; commercial reports; newspaper accounts, when verified; individual statements, and so on. An immense amount of work is often necessary to get together a comparatively simple set of facts. For instance, we were required not long ago to collect representative statistics on the subject of marriage and divorce. This involved an examination of every petition for divorce, the trial evidence, if any, and final decree, in every one of the 2,700 courts of the United States having jurisdiction in divorce cases, for a period of twenty years.

The taking of census statistics is even more complex, and far more liable to error, because of individual misrepresentation, or ignorance. The faithfulness of a census depends upon the honesty and patriotism of the people. The same is true of industrial data. Manufacturers sometimes complain that the

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facts concerning their particular establishments are misrepresented, but it is almost invariably true in such cases that the error is traceable to the manufacturer himself. The official record cannot be more truthful than its source.

It is very easy to juggle with figures. So much dishonest use is made of honest statistics that popular faith in the whole science is often seriously weakened. As a matter of fact, figures will never lie but liars will figure. A few plain rules should always be observed in attempting to get at the meaning of a mass of facts. You must be sure of your authority, and carefully observe every footnote and explanation. Make certain, also, that you have all the essential facts, not merely those most prominent. Failure to do this may give you conclusions the direct reverse of the truth.

In no two lines of statistics are errors more common than averages and percentages. A good example of the former is the method which most people will adopt in getting the average wages in a manufacturing concern. Suppose in a certain factory 20 men are employed at \$1 a day, 40 at \$2 and 60 at \$3. The ordinary man will add \$1, \$2 and \$3, divide by 3 and get \$2 as the average daily pay. Whereas, the true method is to multiply out each class by itself, thus getting the aggregate pay roll, and divide that by the total number of employés, giving an average rate of \$2.33.

Mistakes in percentages arise from a disregard of the very obvious law that for purposes of quantitative comparison per centages must be cast upon equal bases. For instance, the formation of three new savings banks fifty years ago, when, perhaps, but one previously existed, would be a gain of 300 per cent.; whereas, when we came to have over a thousand such institutions, an addition of 25 annually would only show a percentage increase of 2 1-2. And yet that sort of reasoning is constantly employed in numerous lines, to show how fast we are going down hill.

An amusing illustration of this class of error came under my notice not long ago. It was reported from a certain co-educational institution for one year that 50 per cent. of the women students and only 1 per cent. of the men had married. This was proclaimed as indicating the folly of sending girls to that school for an education. The actual facts were that the insti-

tution contained but 2 women and 100 men. One of the men had married one of the girls; 1 per cent. in one case, 50 per cent. in the other.

The United States government was the first to establish a regular census. The 1790 enumeration was a simple matter compared with the immense mass of information collected a century later. The mere count of the people is now but a small part of the process. The census of 1890 was taken by an army of nearly 50,000 enumerators, each supplied with blanks containing 27 distinct questions for every individual. The enumerator has to go to each house, and in case the family are away is perhaps obliged to get the information from a domestic servant. You will easily see how liable to error the record would be in such cases, to say nothing of the mistakes constantly made by individuals in giving information about themselves. You would think it remarkable that a man should not remember whether there had been a death or a birth in his family during the year, but such instances are by no means rare. Indeed, while for the purposes of political apportionment, etc., census statistics are fairly reliable, scientific accuracy is about impossible.

The British census is taken by what is called the photographic method. On a designated Saturday night small blanks containing but seven or eight questions are left with the head of each family in the kingdom, and between that time and Monday morning he fills in the blank with the facts relating to all members of the family who were in the house at 12 o'clock on that Saturday night. The distribution and collection are done by an immense number of enumerators, one for every street perhaps, so that none may be overlooked. The adoption of this system has been urged in the United States, but you will readily see how faulty it may be. I believe the American system is better. Our enumerators gain experience during their work, and many are counted whom the photographic system could not possibly reach. In taking the census of Massachusetts in 1875 I tried the British method, and although that State has had the public school system almost since its organization, only 37 per cent. of the blanks were properly filled out.

A census office has its occasional streaks of humor. We sometimes get cases of transposition such as this: A man,

seventy years of age, reported as dying from teething, and a two-year-old infant carried off by old age. Again, a watchmaker will be reported as a matchmaker from a town where, according to our records, no matches at all are made. In such instances, it is a part of the statistician's duty to go behind the returns and correct manifest errors.

The population of the world at large, of course, increases only by excess of births over deaths. But the rate of growth in different localities is subject to the widest variations, owing to movements of population and the effects of climate, soil and industrial conditions.

Immigrants have formed a large element in the increase of this country's population. Thus, in the decade from 1830 to 1840, the increase by natural causes was 29 per cent., by immigration, 4.65 per cent.; from 1870 to 1880, the natural increase was 23 per cent., immigration, 7.29 per cent; but from 1880 to 1890, the natural increase fell to 14.40 per cent., while that by immigration rose to 10.46 per cent. I have never been able to arrive at any satisfactory explanation of this remarkable drop in the rate of natural increase. It is, of course, figured upon a larger basis of population than for the previous decade, and there may have been faulty enumeration, or a decrease of births accompanying our increasing wealth; but these considerations are equally applicable to the previous periods, and the real cause still remains a mystery.

Taken the world over, there are about 510 males and 490 females in every 1,000 of population. This proportion varies in favor of the females somewhat, according to the age of the different countries. Thus, in Great Britain and Ireland there are about 1,047 females to each 1,000 males; in France 1,014; in Germany 1,039, and so on, while in the United States there are but 952. The State of Massachusetts, where large numbers of women are employed in the textile industries, has 1,058 females to 1,000 males, while Montana, as yet a pioneer state, where the occupations are almost wholly confined to men, shows but 503 females to 1,000 males.

The foreign-born population of the United States numbered, in 1890, 9,249,547, or 14.77 per cent. of the whole. Of these, Germany has contributed the largest share, something over 30 per cent.; Ireland coming next with over 20 per cent.; England

and Wales about 11 per cent.; the Scandinavian countries 10 per cent., and so on. The French and Scotch are not much given to emigration, and constitute only 1.22 per cent. and 2.62 per cent., respectively, of our foreign population.

The element of foreign-born residents in the United States is much larger than in any European country, there being 147 in every 1,000, as compared with 78 in Switzerland, 29 in France, 10 in Germany, 4 in Great Britain and only 2 in Italy.

The population engaged in agriculture, fisheries, etc., in this country is about 85 per cent. native and 15 per cent. foreign; in trade and transportation, 78 per cent. native to 22 per cent. foreign; while in the manufactures the foreign proportion is larger, being 32 per cent. to 68 per cent. native.

The popular impression as to the effect of immigration upon religion and politics is quite erroneous. It is generally supposed that most immigrants are Catholics, while not more than one-half can possibly be so; Ireland and France contribute to the Catholic population, but those from Great Britain, Germany and the Scandinavian countries are almost entirely Protestant. The same general proportion exists as to their political affiliations; the former being largely Democratic and the latter Republican. The English are about evenly divided between the two parties, but this is set off by the French Canadians, who are chiefly Republicans. The Democratic South is almost entirely native, while the North the States with the largest foreign element are largely Republican. Some of the great cities, however, show exceptions to this tendency. North Carolina has the smallest foreign-born population, only 23-100 of 1 per cent; North Dakota is at the other end of the list with 44.58 per cent. The bulk of the German population is west of Pittsburg, and of the Irish east.

It is a very remarkable fact that of all the immigrants coming to this country between 1821 and 1890 some 60 per cent. were still living at the latter date. The total number coming in those 69 years was 15,427,657.

There is a very general apprehension felt in regard to the growing preponderance of city over country population. This feeling I do not share. Certain facts about urban growth are usually overlooked. For instance, increasing population does not necessarily imply increasing density within the same limits.

Indeed, the congested districts of great cities do not increase, but are more and more being given up to business purposes. Large suburban areas are constantly being taken in, and filled up with former city residents. These annexations, of course, show increases in aggregate population, but they also mean, as is not made so apparent, a relative decrease in density. The suburban movement is growing rapidly along with improved methods of transportation, and it is an altogether healthful tendency.

Moreover, while our urban population has been growing rapidly during the last twenty years, it is still much below the European average. Only about 29 per cent. of our population can be considered urban, as against 42 per cent. in Prussia, 53 per cent. in Great Britain and 80 per cent. in Holland.

It should also be remembered that the reason people leave the country for the cities is because they can there enjoy more of the comforts and conveniences of life, secure better educational advantages, and come within the refining influences of increased social contact. It is not, therefore, a dangerous tendency. Rural life is essentially isolating and non-progressive, and the building up of cities and towns all through the country must be considered a hopeful rather than a discouraging sign, because it brings the agricultural population into closer and more frequent contact with the forces of higher civilization.

A far greater difficulty is to be found, however, in the problem of city government. In that respect I am of the opinion that the United States has much to learn from the countries of the Old World.

### Editorial Crucible.

WE FULLY appreciate the compliment implied by those editors who use our articles for leading editorials. As their object is, doubtless, to give their readers the best there is, they might be extending their usefulness, if they would indicate where they get it. Their readers might then go to the same source and get much more than their limited space permits them to give. But, if they really insist upon making us furnish their editorials without either pay or credit, we suggest that they ask for advance sheets. This would give their editorials more freshness, and also save them from having to mutilate the magazine for copy. While we cannot condone editorial stealing, we cannot resist the feeling that the sin is greatly modified by the good judgment shown in the selection.

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IN HIS SPEECH in the House of Commons on Monday, in behalf of clemency towards Irish political prisoners, Mr. Redmond, leader of the Parnellite faction, threw all the blame for the use of dynamite in English politics on the Irish in America. He said they are "regarded by Irishmen, generally, as being mad and reckless." This seems a little severe on the Irish in this country, even if true, after having sent hundreds of thousands of dollars to pay the election expenses of Home Rulers like Mr. Redmond. But there is a hopeful element in it, after all. Mr. Redmond has probably learned that the use of dynamite as a method of political warfare, is a mistake, and, in order to give the impression that the Irish in Ireland have entirely abandoned physical force methods, Mr. Redmond threw the blame of using dynamite on the Irish in America. Well, they are at a considerable distance from Westminster, and, perhaps, can bear the burden without much pain. But it is not at all certain that it will be forgotten the next time Mr. Redmond comes around with the hat.

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IN GIVING to Liliuokalani practically a free pardon, President Dole has done himself and the Hawaiian Republic great credit. Not that the dusky Queen has any particular claims to freedom, but it shows a disposition to treat political offenders as leniently as possible. It is the more striking when compared with the conduct of Liliuokalani herself. It will be

remembered that when Mr. Cleveland was conspiring to overthrow the young Republic, and place the dissolute Queen back upon the throne, she declared it to be her right and her intention, if restored, to send President Dole and his associates to the block. It was nothing but this programme of savagery that deterred Mr. Cleveland in his monarch-restoring policy. He did not dare to face the American public with such a crime on his hands. Yet this same woman, who aided the conspiracy to overthrow the Republic, has been granted her freedom by the very man whom she would have sent to the block, if she had succeeded in getting where he is. The two acts measure the difference in the civilization, character and comparative fitness for power of the two persons. She is a barbarian, with the instincts of a savage; he is a gentleman with the instincts and long-sightedness of a statesman. May he long remain the President of the Hawaiian Republic.

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THOMAS A. EDISON has sent the new Roentgen "X" Rays through half an inch of steel, a vulcanized rubber plate and a sheet of celluloid, and thus far finds no substance through which the ray will not penetrate freely, consequently no substance capable of either refracting or reflecting them. Imperfect penetration or non-penetration is as necessary to refraction and reflection as they are to opacity. Mr. Edison regards the action of the new rays as fatal to the undulatory theory of light, if the X rays are the movements of an ether. A singular fact is that the rays should select the bones from the flesh in their photographing, and should give such clear outlines of needles, bullets and other foreign substances imbedded in the flesh, while giving no outlines at all of the distinctions between fibre, nerves, viens, arteries and other component parts of the flesh. Flesh and all its parts seem to be transparent to these rays, as atmospheric air is to sunlight, while bones, bullets, needles and other unorganized or less organized matter are more nearly opaque, and hence are capable of arresting and returning the cathode rays, and so affecting the photograph-plate. And yet when these substances are in the air, instead of in the human body, Edison sends the rays directly through these very substances, steel and the like. The magnet also easily refracts the rays.

IT LOOKS as if the present session of Congress was going to touch the high-water mark of do-nothingism. Before the holidays, Mr. Cleveland issued a special message asking Congress to pass some measures of financial relief before it adjourned for Christmas. The House promptly passed two measures, one for providing revenue and the other for raising a temporary loan until the revenue should begin to come in. Neither measure has yet passed the Senate, nor in all probability will do so. The United States Senate is showing a lack of patriotism and statesmanship that is discreditable to the nation. It is just such petty conduct as has been exhibited there during the last two months that brings popular government into discredit. Little wonder that in view of such performances foreigners have little respect for American statesmen. But the opinion of foreigners is of small account compared with the opinion of the American people themselves. Such petty politics as are being enacted by the United States Senate in the present session in the name of statesmanship, is rapidly destroying respect for our National Legislature among our own citizens. United States Senators are pointed to with scorn by anarchists, socialists, mugwumps and chronic fault-finders as venal politicians who are willing to sacrifice the nation's welfare for their own ends. That this can be done with any grain of truth is discreditable to the nation and dangerous to Democratic institutions.

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THE EVER GENIAL editor of our contemporary *Seaboard*, keeps firing good-natured broadsides at us because we are able to see that an export bounty on agricultural products is not a legitimate part of our protective policy. We object to calling things by wrong names. The free silver people are asking unlimited coinage of silver at 16 to 1, and they call it bimetallism, when it is the simplest and most effective means of getting monometallism. Our contemporary calls an export bounty protection, when it is a direct means of getting paternalism. An export bounty may be, as Mr. Lubin says, an effective means of "artificially increasing the price of agricultural products," but that is not protection; it is simply converting public taxes into private profits. This might greatly increase farming, and so make more exports necessary and increase the amount to be paid out of the public treasury.

But this is not desirable for the country. What we need is not more farmers, but more and greater variety of manufactures, increasing urban populations, which will furnish both a larger market for our agricultural products and a much greater market for the products of intensive farm culture.

Our national development is not to be in the direction of more agriculture, and if an export bounty would do all that its friends say it would, that would be one of the best reasons for not granting it. We commend to the consideration of our contemporary an article on "Export Bounties Not a Remedy," by Prof. D. Hutton Webster, of Stanford University, in this issue.

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THE *American Agriculturist* has completed its annual live stock investigation, and places the aggregate value of all farm animals at \$1,860,420,000 on the first of January, 1896, as against a value of \$2,463,083,000 for the like date in 1893, a shrinkage in three years of \$662,633,000, or 25 per cent., and a shrinkage for 1895 of \$62,130,000. This continual shrinkage in values of the principal farm products is doubtless due to in part to the rapid opening up of semi-barbarian countries to opportunities for competing in furnishing the meat supply, and to the increasing extent to which the American, Australian, Argentine and African, and United States territorial meat supply is drawn from the great ranch farms, where a low cost of production prevails, instead of from the comparatively small farms of the central States. This cheaper semi-barbarian supply is made possible largely through the new railway lines everywhere being opened up through English loans. This reduces the question of good prices for farm products ultimately to a question of abundant banking facilities and low rates of interest to farmers. Unfortunately the American farmers generally do not see this point, and are so far from voting in a manner to give them as good banking facilities as those which favor Argentine, Australian, African and Indian competition that their Granger and Farmers' Alliance spokesmen can always be counted on for every vote hostile to the evolution of a sound banking system and abundant banking facilities. They are ready to vote for free silver, new greenback issues, a revenue payable in fiat money only; and if they could get a chance to vote all banks out of existence it is not at all certain they would

not do so. And yet the loss of value in their farm animals is largely due to these causes, and is the direct penalty for the dearth of banking facilities which they are doing their utmost to convert into a famine of rural bank credit.

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THE SO-CALLED popular loan has not been very popular, though it has been attended by some newspaper effervescence which seemed like *éclat*. Out of the whole \$100,000,000, individual subscribers have applied for and received only \$2,000,-000. The Treasury has incurred a simultaneous loss of gold by withdrawals made by those who were obtaining from the Treasury the very gold with which they purchased their bonds, to the amount of \$25,000,000. To this extent, therefore, the Treasury is not replenished, and the bond issue does not effect its purpose. It is an issue of bonds to the amount of \$100,000,000 to effect an increase in the gold reserve, which is limited by this fact alone to \$75,000,000.

The members of the syndicate, including Messrs. J. P. Morgan & Co., the Deutsche Bank, the National City Bank of New York and Messrs. Fisk & Son, receive \$33,000,000 of the loan, and the other successful bidders are chiefly foreign and domestic operators in whose hands the bonds may be said to be still unmarketed. The transaction has made clear that if the whole gold furnished is not first drawn out of the Treasury to fill subscriptions with, it is because of the hesitation of brokers and bankers to demand the bonds in a manner which they know will defeat the object of their issue. This in turn makes it improbable that the attempt will be made to supply future deficits of gold in any such manner, and it is generally felt that the syndicate method is not much better. The endless chain business will continue to apply until politicians have the wit either to provide the government with a gold revenue, or to devolve the obligation of furnishing a currency redeemable in gold on the banks collectively by repealing the legal tender act, or to establish a government bank with sufficient capital to run the currency according to law and upon sound banking principles, without any fiatism or fiat money in sight.

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IT IS CLEAR by the tone of the debate on the Queen's speech that Parliament, regardless of party, is ashamed of the

position Lord Salisbury has taken on the Venezuelan question. The amendment moved by Mr. L. Atherly-Jones, Radical Member for North West Durham, to the effect that the boundary dispute with Venezuela be referred to arbitration, met with almost unanimous approval. The Liberals bubbled over in their endorsement of it, and nothing but the fact that an amendment to the Queen's speech would require the Administration to oppose it, and consequently, by party discipline force the Tories to sustain the Ministry, prevented the Tories from joining the Liberals in the support of the amendment.

This was also indicated by Mr. Balfour's appeal to the House not to discuss the question at present, with the evident inference that the Ministry was willing to do just what they are asking. The whole affair shows that the English people are utterly opposed to the idea of England going to war with the United States, because she refused to submit a question of boundary dispute in America to arbitration. It may turn out that the evidence is more in favor of the Schomburgk line than of Venezuela's claim, but investigation and arbitration and not war, are the true means of settling that question. Such a termination of the difficulty will be an important step towards establishing arbitration as the means of settling international disputes. The fact, however, that the United States was ready to fight, if necessary, in the interest of peaceful arbitration, may carry the news to such hot-headed Jingoes as belch forth their anti-American venom in the *Saturday Review*, that after all the United States, though characteristically a peaceful, industrial nation, will have to be reckoned with when questions of American territory are involved. We are a peace-loving people, but we have a national duty to perform and may be relied upon to perform it.

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COMMENDABLE EFFORTS are being made to abolish the sweating system. A bill has been introduced into Congress to deal with the subject, by imposing a tax of \$300 a year upon contractors entering into the sweat-shop methods of manufacture. A bill has also been introduced into the New York Legislature, making it a misdemeanor for any person, except the members of families residing there, to manufacture in buildings used for human habitation.

The difficulty with both of these measures is that their means of enforcement are inefficient. The federal tax would be most difficult to collect and very generally evaded. The same is true, but perhaps less so, of the bill before the Legislature. The sweat-shop system is sufficiently vile, uneconomic and socially debasing to warrant drastic measures for its extermination. It should be dealt with in the same direct uncere- monious way that we deal with epidemics. It is not a system to be regulated but one to be exterminated. There is nothing good in it. It pollutes all it touches. It is foreign to modern industrial methods and conditions. It is injurious alike to the physical health, moral growth, social purity and economic welfare of the community. Instead of having long and elaborate bills that tax the highest skill of an expert lawyer to interpret, we should apply to it simple direct legislation. A bill with about three clauses, as follows:

(1). That the manufacture in any buildings used for human habitation of any of the products named in Andrews' bill should be unconditionally prohibited.

(2). That the owner of any building so used should be punished by a fine equal to the full rent of the entire property.

(3). That any person having goods manufactured contrary to this bill should be punished by a fine equal to the entire value of the goods.

This would practically confiscate the entire rent of the property used for sweat-shop purposes and the goods produced by sweat-shop methods. If this bill were enforced the sweat-shop system would not last a month; property owners and contractors would avoid any contact with a business in which the value of their property was confiscated. Moreover, this would put the responsibility upon the owners of the material and the owner of the building, just where it belongs. It is useless to punish the poor wretches who are the victims of this system. The sweating system is a social disease, no less malignant than small pox, and should be dealt with in an equally summary fashion.

### Economics in the Magazines.

ARBITRATION. *The Venezuelan Difficulty.* By Andrew Carnegie in *North American Review* for February. *The President's Monroe Doctrine.* By Theodore S. Woolsey in *The Forum* for February. Mr. Carnegie is more American in his assumption that the United States is the proper constable-general of the American continent, and can judge for itself how far it will protect the just boundaries of South American republics, than he was when he sailed away from the tariff conflict, recommending to Congress to pass the Wilson bill. He sees in the Monroe Doctrine chiefly two branches of the Anglo-Saxon race—one impelled by the earth-hunger, grabbing all the land it can; the other, impelled by a sense of its dominancy in the American continent, resolved to protect the latter from the further operation of the land-grabbing propensity. The highest warrant for the exercise of the American prerogative appears to Mr. Carnegie to consist in the unity of their will and purpose to exercise it. If the American people were less agreed about it, the event would not be justified. But seeing they are a unit on the point, its justice is indisputable.

Professor Woolsey discusses the question in the light of international law, but sees only therein a violation of the principle of national autonomy. There is more in international law than State independence. Vattel writing a century and a half ago declared that a special duty to arbitrate boundary questions lay upon adjoining states between which no understood divisional line had ever been agreed upon, and where settlement and occupation were for a long time open to both in a new continent—(like America)—having no common master. Vattel bases the duty to arbitrate on the clearly understood principle that the line to be run must be one based on expediency and not on title.

Americans would not arbitrate the question whether the Monroe Doctrine is a proper doctrine to apply in a given case or not, which is the real question which would be at issue between England and America, after the commission shall have decided that England is not entitled to the part of Guiana she is occupying. While we are pressing forward upon an issue on which we would not arbitrate our own half of the question, no

doubt seems to occur to many minds that our right to compel an adversary to arbitrate his end of it is beyond suspicion.

Perhaps the true source of the obligation to arbitrate the Venezuelan question is that stated by Vattel, viz., that no actual line of division between the two populations ever existed. To fight over the exact location of a line which has no existence is a clumsy mode of drawing the line for the first time.

ELECTRIC TRANSMISSION. *The Distribution of Electric Power at Niagara.* By (the late) Franklin Leonard Pope. Electric engineers predict that transmission of electric energy for 200 miles from Niagara is feasible so as to deliver it cheaper than power can be had from steam with coal at \$3 per ton, but the apparatus for transmitting it to Buffalo has not been put up because Buffalo manufacturers are trying to get it at a cost too nearly gratuitous.

GOLD, SILVER AND BIMETALLISM. *The Story of Cripple Creek.* By Cy Warman in *The Review of Reviews.* *That Flood of Gold.* By Carl Snyder in *The Review of Reviews.* *Some Leading Errors of the Gold Standard Party.* By Otto Arendt (Germany) in *The Review of Reviews.* *Bimetallism; Some Damaging Facts in Its History.* By Frank J. Herriott in *The Review of Reviews.* *The Increased Production of Gold.* By Edward Atkinson in *The North American Review.* *Our Monetary Programme.* By J. Lawrence Laughlin in *The Forum.* The most instructive of these articles is that of Carl Snyder. It shows that the costs of mining gold in Colorado have fallen almost at an average to a sixth of what they were in 1870, while simultaneously Colorado has rushed up since 1892 from \$600,000 output of gold to \$17,000,000, taking the lead of California, and restoring to the United States the lead by so narrow a margin, that it means temporary equality with South Africa and Australia in gold production. Meanwhile, says Mr. Snyder, "in 1887, all the world turned out but \$106,000,000 of gold; last year it rose to \$203,000,000." Production has now reached a total one-fourth larger than it was in 1853 under the flood of California's and Australia's most prolific yield.

Meanwhile, Mr. Arendt asserts that the yield of silver in the United States "is falling off from 30 to 40 per cent. a year."

Nevada is completely exhausted. In Australia, the silver mine of Broken Hill, once yielding half a million kilograms a year, is given up, and only in Mexico and South America does silver continue to be produced. "The relative production is to-day much more favorable for silver than when the value relation was 1 to 15.50, and that if the figures of production were alone to determine, not silver but gold must have fallen in value."

Mr. Snyder concludes with the prediction that the increase in gold out-put will be 10 per cent. per year for the next five years at least, and will amount to 1,300 millions in the five years of the century that remain, and asks, "will it be possible for our monetary systems to survive the addition of such an overwhelming flood?" It would seem more pertinent to ask whether the disparity between gold and silver which has made temporary shipwreck of our monetary systems, could survive the addition of so much gold when accompanied by so small a proportion, relatively, of silver.

Mr. Herriott falls into many lapses of economic theory, which render his historic criticism on the past of bimetallism somewhat chaotic. He assumes that a bimetallic system fails if silver and gold keep continually varying slightly from their legal ratio, by so small a discount as a fraction of one-fifteenth, and so, "cross the line of parity" by this small fraction at times when the disparity in their relative quantities produced, and consequently in their relative cost of production, is ten or twenty times greater. On the contrary, if at a time when quantity and cost of production of gold and silver are changing from a ratio of 16 to 1 to a ratio of only about 4 to 1, the ratio of value drops only so slightly as to put a premium of 2 or 3 per cent. on the metal which is under-produced by 50 per cent., this proximate preservation of the ratio should be recognized to the credit of the double standard effort.

Mr. Atkinson does not notice the declining production of silver, assumes that "the world's commercial unit of value is now fully and finally established," thinks that "the present quantitative increase in the product of gold will have no direct influence upon the prices either of property or of products," and holds that prices of metals and fabrics are about what they were in 1845-50, before the gold supply was increased so enormously from California and Australia.

Professor Laughlin believes solely and simply in the quantitative theory of money, and thinks prices depend wholly on three factors, viz., the supply of money, the supply of the money material, and the cost of production of commodities. On this assumption, if the supply of gold should so expand that instead of there being only one ounce of gold to nearly thirty ounces of silver produced there should be only one ounce of gold to ten or twelve of silver (labor being at all times the common factor whose cost, as applied to both, ensures that like quantities of labor must produce like values in both) then ten or twelve ounces of silver must soon become worth one ounce of gold.

INTEREST. *The Positive Theory of Capital and its Critics.* By Professor Böhm-Bawerk, in *The Quarterly Journal of Economics* for January. Professor Böhm-Bawerk believes that he has a theory which derives interest on loans from some other source than the abstinence of the lender, or the earnings made by the borrower by means of the capital borrowed, or than the productivity of capital in itself when used as a fund for producing wealth. He seems to regard this value as being one that is extracted from pure time, and is born out of the relation of the present tense of the verb to be to the future tense of that verb. In that respect he is like Mr. Keely, of the celebrated Keely motor, who is understood to derive his motive power directly from gravity, without any intervening product of gravity or other force, petroleum or falling water, or steam or electricity having any share in its production. In this article Mr. Böhm-Bawerk replies to the coarse and materialistic critics who suspect that money is borrowed because it has productive powers. The discussion is thin, the air is rarified, the product is nil. But as in an ascent of Mont Blanc, it is something to have reached a point so worthless, and to have got down.

URBAN BRAINS AND RURAL BRAINS. *Dissociation by Displacement; a Phase of Social Selection.* By Carlos C. Clossan in *The Quarterly Journal of Economics* for January. This article is marred by a too recondite verbiage, but its underlying argument is valuable. It is that the movement of human beings toward social groups, and finally toward cities, is accompanied or caused by a brain development, the very opposite in its direc-

tion from the kind of brain development which promotes isolation, nomadism, or country life. In short, there is a gregarious or grouping type of brain, and a nomadic or isolating type. The isolating type is that in which the head is wide in proportion to its length. The gregarious type is that in which the head is long relatively to its width. The narrow heads are styled Dolicoide. In these the width of the head is not over 80 per cent of its length, and the people having this form tend toward cities. Those in which the width exceeds 85 per cent. of its length are Hyperbrachycephalic, and they tend to become nomadic or rural.

Extensive statistics are given to sustain this generalization, which, so far as it goes, is, of course, a revival under new terms, of the postulates of phrenology. Gall, Spurzheim and Combe made breadth of head the physical expression of destructiveness, and pointed out its prevalence in carnivorous beasts, lions, tigers, serpents, eagles, hawks, etc., which, of course, are largely nomadic and live in isolation. The narrow heads are deer, antelope, hounds (which hunt in packs and affiliate with man), horses, sheep and the like. This article extends the same generalization to the tendencies of certain races and classes to group in cities. The North American Indian illustrates the broad head, and he is sufficiently nomadic. The narrow head is expressive of timidity and of interdependence, because of fear, as well as of refinement, nerve development and fitness to receive culture. The first is a prime motive in all tendencies toward populous, social groups; the greater security of human life in cities, and of herd and bird life in flocks, and of insect life in swarms, and of fishes in schools, is probably the chief motive or instinct which draws numbers together. The basis of the article has a grain of truth, and its statistics in immediate connection with economic science present the doctrine with rare force, but as a thesis in the study of the conformation of the brain, it simply confirms the teachings of the craniologists of half a century ago.

VENEZUELA. *The Progress of the World*, in *The Review of Reviews* for February. A very charming comparison of the arguments in favor of Venezuela with the arguments against England's title to the disputed territory, by a writer who evi-

dently does not share in the opinion of Judge Charles P. Daly, the very learned President of our New York Geographical Society, that the Spanish have never occupied any part of the disputed territory, but that it has always been occupied by the Dutch. On this point the writer says: "If we mistake not the English school geographies, atlases and other sources of ordinary information, previous to 1840, regarded the Essequibo as the boundary line, and held that British Guiana contained about 12,000 square miles."

Not only the British but the American "school geographies" did not. Before us lies a volume entitled, "An Accompaniment to Mitchell's Map of the World," etc., by S. Augustus Mitchell, dated 1843, and whose text embraced 578 octavo pages of description, the most elaborate and standard geographical work, we think, which had at that time been produced by an American. It says: "The region at present styled Guiana, extends along the coast from Cape Barima, at the mouth of the Orinoco, to the Oyapock River, a distance of about 750 miles, and extending in the interior to the mountains at the source of the Essequibo, Surinam and Morowyne or Maroni Rivers, about 350 miles, comprising an area of about 115,000 square miles. This region is at present divided between the British, Dutch and French. British Guiana extends from the Orinoco to the Corantino River, and embraces the three colonies of Essequibo, Demerara and Berbice." This American work of 1843 runs the line essentially where Salisbury runs it, and asserts in its preface that it is based in general on Murray's Encyclopædia of Geography, Malte, Bruns & Goodrich's Universal Geography, Flint's Geography, Encyclopædia Americana, etc.

Rand & McNally's maps of most recent date also run the western boundary of British Guiana from the very same Point Barima, at the mouth of the Orinoco, and we doubt if a single American map can be found which has any other starting point. We feel morally sure from the numerous maps we have consulted that no American, English, Dutch or French map ever bounded Venezuela on the Essequibo.

### Book Reviews.

#### THE CHAUTAUQUA BOOKS.

THE GROWTH OF THE AMERICAN NATION. By Harry Pratt Judson, LL.D., Head Professor of Political Science in the University of Chicago. New York: Flood & Vincent. 1895. Pp. 359.

INITIAL STUDIES IN AMERICAN LETTERS. By Henry A. Beers, Professor of English Literature in Yale University. New York: Flood & Vincent. 1895. Pp. 291.

SOME FIRST STEPS IN HUMAN PROGRESS. By Frederick Starr, of the University of Chicago. New York: Flood & Vincent. 1895. Pp. 305.

This is the American year in the calendar of the Chautauqua Literary and Scientific Circle. Of the five books which, together with the monthly magazine, *The Chautauquan*, constitute their required course of reading, three relate to the industrial, political and literary development of the people of the United States, while a fourth draws largely from the evidences of earlier civilizations on this continent for its raw material and its illustration.

Next year will be French, the following year German, and the third year, 1898-9, will be English. The present year is consequently one which will particularly interest readers of GUNTON'S MAGAZINE. Each of the writers has endeavored to set forth in brief space the salient points of our national development, and the causes which operated most forcibly. They have thus striven to provide the best possible guide for the study of present day problems in America—questions of industry and politics, like the tariff and currency questions; of morals and social life, like temperance reform and immigration; of religion and education; of the relation of the races in the South, and of laborers to capitalist employers in the North, and of organizations both of laborers and capitalists to the general public everywhere.

Professor Beers begins by setting forth the conditions which made literature impossible in colonial days. On the one hand the isolation of plantation life was unfavorable to its development in the south, while on the other the intolerance of the New England theocracies made possible only sermons and

theological treatises. True, they tried to make up in quantity what was lacking in the quality of this literary food of the period, the pulpit hour-glass being silently inverted twice, or sometimes thrice, while the orator pursued his theme even unto "fourteenthly" (p. 27). But it was not literature.

There followed the period when politics took the place, in part, at least, which had been so actively occupied by theology—a period whose beginning is marked by the writings of Franklin, and whose continuance gave free play to political instead of pulpit oratory. It is an age of eloquence and rhetoric, but hardly of real literature. It is not until we reach the era of national expansion, which followed the second war with England, and the times of Irving and Cooper, that American literature can be said to have any real existence.

"In the seventeen years from 1821 to 1839, there were graduated from Harvard College Emerson, Holmes, Sumner, Phillips, Motley, Thoreau, Lowell, and Edward Everett Hale. In 1836, when Longfellow became Professor of Modern Languages at Harvard, Sumner was lecturing in the Law School. The following year (in which Thoreau took his bachelor's degree) witnessed the delivery of Emerson's Phi Beta Kappa lecture on 'The American Scholar' in the college chapel, and Wendell Phillips's speech on 'The Murder of Lovejoy' in Faneuil Hall" (pp. 126, 127).

"It was out of the conditions of life and industry, of politics and religion, which made such men possible, that there was born an independent American literature. As the century draws to its close, we realize that we are no longer colonies; we are no longer commercially dependent on the whims of European belligerents, as in the time of the Napoleonic wars; we are no longer provincially dependent on European opinion as before our own Civil War.

"As a nation the republic has ripened into mature life." (Judson, p. 354.)

This quotation from Mr. Judson's closing paragraph shows at once his purpose, tenor and point of view. Our history has been an orderly development through successive stages of growth, which had their seeds sown in previous clearly defined social, political and industrial conditions. Moreover, American history is no mere episode in the world's progress, but the be-

ginning of a social evolution in which European civilization is making a conquest of the world, and of which the twentieth century bids fair to see the completion in Asia and Africa (p. 24). Mr. Judson's most interesting and powerful chapters are those relating to the social life and the distinguishing features of our political development. He has made one serious mistake, however.

Democracy was entirely unknown in the colonies. The idea belongs practically to this century, the aristocratic constitution of New York State, for instance, remaining in force until 1821. It is unfortunate that the writer of still another text-book on American history should follow the established precedent and devote one-third of his text to history as ancient as that of Greece and Rome, and as valueless as nursery rhymes for the purposes of modern statesmanship. If our national life begins with the revolution of 1789 (p. 97), why not begin the story of the growth on page 1 and not on page 101, when making a "brief sketch?"

Mr. Judson's other fault is in saying so little about some things, in the 250 pages remaining, as to make the statements either absolutely unintelligible or at least quite worthless. To give so brief an account of any matter as to necessarily produce the wrong impression, is but little better than to state an actual untruth. The statement (page 103), for instance, that the electors met in February [1789] and unanimously chose George Washington president, with John Adams as vice-president, implies not only that they voted for individual candidates for these offices, but that Adams was the only choice for the vice-presidency. As the author himself explains elsewhere, however (pp. 126 and 132), neither of these inferences is correct.\*

Such terms, as mildly protective and moderately protective, used as descriptive of the law of 1789, also indicate that the author is quite innocent of the real principle of tariff protection and the nature of its operation.

These may be minor defects in a work which is quite excellent as a whole, but they are defects which do inestimable harm, and which could be readily removed with a little more care to be accurate, as well as entertaining.

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\*See the footnote on page 193 for another example.

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APRIL, 1896.

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## Building Associations and Savings Banks.

Building and loan associations, the world over, are rapidly rising into effective competition with savings banks as aids to economy. They outstrip other co-operative and mutual aid associations in enabling the working classes to so use their wealth as to help each other and themselves. In 1893\* there were 5,838 associations in the United States. They had 919,614 male members and 307,828 female members, making an army in all of 1,218,442 persons. They conducted "a unique private banking business" into which they had paid a capital, including dues and profits, amounting to \$450,667,594, all of which had been loaned out in the act of receiving it, and out of this aggregate of business done only 35 associations reported any losses whatever, and those had only lost a total of \$25,332.20, being only one cent in twelve hundred dollars.

The total deposits in savings banks are upwards of four times as great, viz: \$1,777,933,242 for 1894, but savings banks had some advantage in the start. The first one was established in Brunswick, Germany, in 1765, while the first "building club" is heard of in Manchester, England, in 1795. The building and loan association became prevalent, however, in England only in 1834, and in the United States in 1850. In the latter year the first general Act authorizing them in Pennsylvania was passed. Savings banks, on the other hand, came in with the century. The first suggestion of them was made by Daniel Defoe in 1697, which was revived by Jeremy Bentham a century later, in 1797. In 1799, the first English savings bank was started at Wendenover, and by 1817 they existed in so many towns that they became the subjects of an act of Parliament.

Savings banks spread more actively than building associa-

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\* Ninth Annual Report of Commissioner of Labor.

tions because they furnish an occupation and income to those who start them. Building associations merely supply a valuable temporary accommodation, not a permanent career to their founders. Altruistic associations only succeed in the degree that they supply a business and a career to the officers who conduct them. It was the rather wasteful injunction of the apostle Paul that the oxen who "trod out the corn," or as we would now say, "threshed out the wheat" by walking over it, were not to be muzzled. Society is still specially favored by unmuzzled oxen who are willing to tread out our wheat if allowed to eat as much as they desire, and to spoil more than they eat.

The Pauline type of threshing machine has been banished from the farm, but still lingers among the charitable institutions which only endure when those who conduct them do their "treading out" unmuzzled. Hence it is the law of such institutions that their managers will introduce as many helpers into them as can possibly be paid salaries out of the funds that can be drawn from the charitably disposed. It necessarily follows that organized charities tend to so absorb their funds in paying officers that the surplus available for actual relief is as precarious as would follow from the impulsive sympathies of the unorganized witnesses of the distress. By a subtle economic law every such charity resolves itself into a business concern in which the willingness of the public to give becomes the soil or quarry or mine, the means and arts of begging become the plow or pick, the contributions slowly fall to the level of the natural returns of industry and are absorbed in expenses of producing, and the net result available for relief sinks again to the spontaneous gifts of unendowed sympathy.

Neither savings banks nor building and loan associations are charities, but a savings bank has the merit of being a business, while a building association of the original (terminable) form is only a series of business accommodations. Each person who takes part in it, except possibly the secretary, has another business on which he relies for income. A savings bank gathers up the savings of the very poor and lends usually to Governments, to cities or to the rich owners of land who can give a first mortgage for a large sum on productive real estate worth twice the sum loaned as security. It is the opposite therefore of a charity; it is a machine for enabling the

weak members of society to help the strong. It pays a low rate of interest, generally 2, 3, or 4 per cent., to the depositor because the depositor is poor and therefore powerless to get more without becoming insecure as to the principal. He is supposed to choose between the savings bank and immediate consumption of the fund in living. Whatever premiums the money loaned is actually worth, over the lawful rate of interest, are pretty sure to be paid by the borrower, either as broker's commissions, costs of searching and guaranteeing title, or the like, but no part of these premiums reaches the depositors.

Building and loan associations, on the other hand, pay the shareholders a profit of from 10 to 12 per cent. on the shares they hold. Their system involves economies of management to which no savings bank can aspire, and reaps an income on all its loans of money, so far above legal rates of interest, that in any other mode of doing business it would be blocked by the plea of usury. To those who are familiar with the drastic quality of the Usury laws, the building and loan associations are chiefly admirable for the adroit mode in which they drive their coach and four through these laws, without so much as saying "by your leave" to legislator, judge, or jury. None such could pronounce their loans usurious, notwithstanding they bear from 4 to 20 per cent. in excess of the current rates. All their loans at legal rates and no more are put up at auction to the highest bidding member of the association, and the premium he pays to get the loan is not a price which he pays for the loan, but for being preferred over every other bidder. This premium is in good faith a legally distinct thing from interest. It is therefore not an evasion nor a substitute, but another contract, of preference among rivals, which the legislature could not forbid without forbidding sales at auction. If savings banks should undertake to adopt the same device by putting up their loans at auction between rival bidders, in their hands it would not work, because it would be a loan of money to one who does not own it. But the award of the money, called for convenience a loan, by a building association to one of its members is not in fact a loan, but is a partition of a joint fund among those who own it. This partition must sooner or later allot the same share to every other member. Priority is not interest. Neither is an allotment to one member of an

association in advance of another, of a fund jointly contributed in equal sums by all, a loan. It is partition. It is like the equalization that is made in an estate between owners in common, some of whom draw out their shares earlier and others later. It involves the principle of interest, because compensation must be made according to the length of time by those who withdraw earlier to those who withdraw later. But this compensation for priority in partition is not a payment made for the forbearance to collect a debt, and therefore is not interest, and its rate cannot make it usury.

A second economy peculiar to these \* associations is three-fold. It consists (1) in the inherent simplicity of their accounts, which saves salaries, books and rent, (2) their necessary avoidance of accumulated funds liable to be stolen or defaulted, and (3) their avoidance of all uninvested funds involving continual losses of interest.

The simplicity of accounts grows out of the rule that all the moneys received by the association in dues are paid in at the same meetings and in like sums per share for each member. On any share the sum paid is the same as that paid on every other, taking into view a compensatory system of fining derelict members for non-payment or deferred payment. Hence all shares have, at a given date, the same financial value. They are not like deposits in banks, where very assiduous labor is necessary to state any one account, and vast records must be gone over to state the aggregate. In a building association it is only necessary to multiply one share, as to its status, by the whole number of shares to state the whole financial condition of the association as to its receipts. As all the funds received are loaned at the same meeting (in all companies classed as "terminating" or single series), and as the loans run in like series and are proportionate to the shares, and investments are always identical with receipts, the grand balance sheet can be figured instantly with like simplicity.

So long as the system is honestly pursued there can be no defalcations, hardly any losses of principal and almost no loss of interest. Where the "loans" are auctioned off and distributed

\*Our description here applies to the pure or serial type of associations. So far as the associations become permanent, its funds are entrusted to a treasurer who deposits them in bank and gives bonds. His balance in bank thus affords the basis for loans.

at the same meetings where the dues of which they consist are paid in by the members, no fund remains overafter any meeting which can be the subject of theft or defalcation by any officer. Hence no bank account, no surety bonds from officers, no iron vaults or big safes and no costly rentals are essential. Contrast this with banks which require vast bulky records, ledgers, day-books, journals, cashbooks, dockets, registers and huge volumes of customers' accounts with one bookkeeper for letters A to E, another for E to G, etc. The accounts become so vast that the thefts, as in the recent case of the cashier of the Shoe and Leather Bank, can be concealed either by drawing the money from old unclaimed accounts which have not been drawn upon for ten years, or by carrying fictitious checks in the drawer as cash, or by any one of a score of tricks which grow out of the voluminousness of the accounts.

A direct stimulus to the substitution of the co-operative savings plan in lieu of the savings bank plan at Rochdale, England, was the theft by the actuary of a savings bank in that town of £71,715, of which loss £37,433 had to be borne by the depositors. In consequence the savings bank closed in 1849, and the subsequent adoption and perfection by the people of Rochdale of the mutual savings and co-operative systems gave the town a commanding fame throughout the world as a pioneer in the domain of practical social economics. A single theft from the savings bank at Dublin cost its depositors £56,000, and another loss at Tralee was made of £36,000. Other frauds of actuaries at Cardiff and elsewhere have since occurred. Savings banks as well as all others are under a heavy tax in loss of interest upon the funds they are compelled to keep lying idle as reserves with which to stem the tide of any sudden call that may be made upon them through fear or panic, by the mass of their depositors.

And yet these reserves are confessedly always a naked bluff and never a sure defence either in the case of a national or a savings bank. Any bank which first converts all its assets into loans recoverable only at the expiration of long periods of time, and yet holds all its deposits payable to the depositor on demand, must be theoretically capable of being thrown into suspension of payments at any moment by a general run of all its depositors; hence the theory on which savings banks, and indeed all banks of deposit, run is that its depositors can at any moment

break the bank by presenting all their demands for payments at once. It is no small excellence in the Building and Loan Associations that they are free from this peril. Insolvency is as impossible as theft in an honestly conducted terminable or single series association of the plan we have thus far described. But in a savings bank all its proprietors, trustees and officers may be honest and it may still be robbed by its clerks, and *vice versa*. Where the association is made continuous or perpetual by providing for the issue of a new series of stock every year, half year or quarter, each series becomes in effect a single terminable association having the same qualities of economy and solvency, taking nothing from any previous series except the continuous watch-care of several of the same officers.

It is also a feature in savings bank management that there is an interest on the part of the proprietors in getting as much of their deposits without interest, and keeping as many of them unclaimed as they can. Hence they divide the year into what they call dividend periods, which are generally on the first days of January and July, and adopt a rule that interest shall only begin to run on deposits at these two periods. If, therefore, a depositor deposits say \$200 in any savings bank on the third day of January and does not draw it out until the twenty-fifth day of December, though his deposit lacks only a week of having been in the bank a full year, and the bank may have so loaned it as to have made it earn \$12 for itself, yet it has earned nothing for its depositor. It earned nothing during its first half-year because it was deposited one day after "dividend day." It earned nothing for him in the second half-year because it was drawn out six days before the proper dividend day. This trick for cutting off depositors' interest without any just reason shows that the management of savings banks is not mutual. That it is still prevalent, if not universal, is assumed by a leading savings bank president, Mr. John P. Townsend of the Bowery Savings Bank, in his article in the *North American Review* for March.\*

\* *Free Silver and the Savings Banks*: "It is a well-known fact," says Mr. Townsend, "that a run on a savings bank is profitable to the bank *per se*, by reason of the abandonment by the frightened depositors of the interest on money withdrawn between the two dividend periods of the year, so that the scare punishes only the timid ones who yield to the excitement." [And yet if all were "timid" the bank must break.—ED. GUNTON'S MAGAZINE.]

As to the unclaimed deposits,\* nearly thirty years of agitation were required in New York State to secure the passage of an act requiring savings banks to report the deposits unclaimed and to notify the next of kin of the owners of unclaimed deposits of the existence of such deposits. In one case the owners of a deposit of \$500 made in 1851 were lost at sea in 1867. Shortly after, the next of kin inquired at the counter for the deposit, but not having the bank book could get no information or satisfaction. Later the act was passed and the next of kin was notified. When the unclaimed deposit was drawn in 1892 it amounted to about \$2,700, and the bank had probably made by loaning it for a whole generation a net profit over interest three times greater than the original deposit. But the entire account was only rescued from absorption by the bank by an act of the Legislature which proposal for a long time was denounced as "blackmail" and whose passage was steadily resisted by the representatives of the savings banks. President Townsend of the Bowery Savings Bank is therefore claiming too much when he says that the banks or their trustees "do a purely benevolent work in the interest of the plain people, mechanics, artisans, clerks, women and children, and those dependent on salaries and wages for their maintenance." It may be set down as a universal rule that the attendance of trustees at the meetings of financial corporations of any kind cannot be had

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\* The Superintendent of the New York Banking Department recently addressed to the editor of this magazine the following response to our inquiries as to the amount of these deposits :

The department has no reports or tabulated statements which show the extent and amount of unclaimed deposits or dormant accounts in savings, national, state and private banks.

Savings banks are required by law to report here the names and numbers belonging to dormant accounts, but not the amount.

At request of the late Constitutional Convention this department obtained the amount of unclaimed deposits or dormant accounts in savings banks of this state, January 1st, 1894, which aggregated \$1,443,808.97.

The banks of discount and deposit in this state are required by law to publish annually, on or before September 1st, "for six successive weeks in one newspaper of the county in which such bank is located," and in the state paper, "a true and accurate statement verified by the oath of the cashier, treasurer or president of the deposits made with such banks," etc., etc., over \$50 unclaimed for five years.

(See Section 28, Chapter 689, Laws of 1892.)

for altruistic motives. If the trustees are not paid from \$5 to \$25 per meeting they do not attend, and the loans must be left to the officers of the bank, viz., the president and cashier, except when the trustees come to get loans for their friends. The altruistic element has been wholly eliminated from savings banks by the pressure of business engagements, which compels business men to limit their strength to tasks that are paid for.

Although the word "building" appears so conspicuously in the name of these associations, the purpose for which the borrowing member obtains his share need not be connected with either the erection of a building or the purchase of land or a home. It may be obtained as a capital for trading, manufacturing, farming, transporting, mining or speculating, provided he amply secures to the association the payment of his future dues. The name "building" is not everywhere prevalent; mutual loan associations, homestead aid, savings fund and loan co-operative banks, etc., answer the meaning more exactly. In the winding up of every such association, the aggregate of all the dues balance against the aggregate of all the loans, and every shareholder remaining in the association at the time the stock matures must be a borrower or a distributee to the amount of the value of the matured shares held by him. Hence there is a compulsory withdrawal of members as the series approaches maturity, and since the so-called loans are only the distribution to each of that to which he is entitled, when the series is complete by the payment of all the dues, the distribution will be complete in the fact that each member owns the paid-up shares for which he has subscribed, and his debt to the association has been canceled by his dues, premiums, interest and fines.

Col. Wright's report for 1893 describes sixty-eight plans of paying premiums, twenty-five plans of distribution of profits and twelve plans of withdrawal. The discussion of these would lead us into a domain of technique which would be aside from the scope of this article. Neither can we discuss in this article how far the safety which we have attributed to the original, or "serial" or terminable associations, can still be preserved in the "perpetual" or non-terminable associations ; nor can we discuss the relative security of the "local" and the "national" form of associations, further than to say that they approximate more nearly to the banking type in methods,

profits, risks and advantages, as they depart from the original simple serial form.

It seems likely from the economic principles involved in these associations that they have not yet reached to more than the threshold of the many applications of which they are capable. They can as well be used in aid of one principle or achievement as another in which numbers of persons may feel a competitive or a common interest. They could be used to-day to send American prospectors to the "Rand" mines of South Africa, or to open up new mines in Rhodesia; to establish young men from the country in business in the cities, or to expand upon the plan of Mayor Pingree of Detroit for employing the idle labor of the unemployed poor in cities by placing them in possession of ample farms and comfortable homes in the country. They can be employed largely in aid of the mobility of labor as well as of the energizing and vitalizing of small capitals. It may be doubted if banking in any other of its forms, all of which are useful, or co-operative effort in any other direction, has in it so much of the promise of social regeneration or of the potency of true progress.

Let us suppose for a moment that the vast deposits now made in the savings banks, amounting to \$1,777,933,242 in 1894, of which the enormous proportion of \$1,578,352,728.40 are made in the Eastern and Middle States alone, were all made in mutual savings and loan associations instead, how widespread, electric and comprehensive would be its effect to diminish the relative power of banking and capitalist or speculative classes and to increase the relative power, enterprise and productivity of the working and laboring classes.

At present the whole fund is loaned to the rich. Few business men put their means into rented real estate where it will earn, say, seven per cent., until they have reached the utmost limits of their capacity to use it in active business, where it will average twenty to twenty-five per cent. No merchant or manufacturer, therefore, who has less than from \$100,000 to \$1,000,000 in his business can really afford to have \$20,000 in improved productive real estate for rental, outside his factory or store. Few, therefore, can borrow from savings banks unless they are worth a good fortune. They tend to aggrandize the already sufficiently preponderant power of the wealthy, and

they are no resource whatever to the young, the stalwart and the poor in their early struggles for a foothold.

The whole sum is probably loaned to as few persons and in as large sums as the land of Great Britain is owned, and forms nearly as prominent a force in the concentration of wealth as the great British land monopoly.

Meanwhile, if the same sum were invested in building and loan associations, each owner of a share of \$200 would immediately upon paying his entrance fee and dues, say \$3 for the former and \$2 per share per month for the latter, become entitled to his equal chance among the others of obtaining an immediate loan of \$500 on every \$200 share for which he had subscribed, with the certainty of getting \$200, plus a dividend on the profits earned from those who borrow. This would convert the whole \$1,800,000,000 of funds now deposited in the savings banks into a potential or hypothetical, but not actual lending, power of \$4,500,000,000, all contingently but immediately operative in behalf of the 5,000,000 persons, each of whom would have a borrowing power two and one-half times greater than the par of the shares he held. The knowledge that one can obtain a loan on practicable conditions is often worth more than the loan itself, and this knowledge belongs to the non-borrowing as well as the borrowing member. Such a chance, therefore, would vest in the working classes a borrowing power greater than is now possessed by all the depositors in national, state and private banks combined, and would virtually relegate the lending power of those institutions to a secondary relative position. Such a movement would accomplish a social transfer of financial power not unlike that which manhood suffrage effected in the cognate realm of political power.

By the last report there were 1,076 of these associations in Pennsylvania, 718 in Ohio, 631 in Illinois, 429 in Indiana, 390 in New York, 349 in Missouri, 286 in New Jersey, 237 in Maryland, 125 in California, 131 in Kentucky, 115 in Massachusetts, 81 in Iowa, 72 in Michigan, 71 in Kansas, 82 in Minnesota, 76 in Virginia, 66 in Nebraska, 61 in Tennessee, 54 in West Virginia, 48 in South Carolina, 39 each in Texas and Wisconsin, 24 in North Carolina, 16 in New Hampshire and 14 in Wisconsin. Nowhere have the building and loan associations grown to such vast proportions as in the United States. One association in

Dayton, Ohio, had 8,662 shareholders, 1,435 borrowers, 59,755 shares in force and 1,327 loans on real estate. The principle involved is that of massing the contributions of those who have but little in a manner to re-enforce the strength of each with the power of the common host. It gives to the "cheese-parings" of the helpless the force of accumulated capital. It brings local neighborhoods in the most sparsely settled districts, as well as slightly acquainted persons in large cities, into a capacity of mutual association and reciprocal aid. It combines the marvel of security with the minimum of required skill and organizing capacity. It does not demand an integrity which is unattainable or not to be had on every cross-road or corner. It almost dispenses with the need of a cultivated habit of business honor, since it keeps the larder about as bare as Mother Hubbard's cupboard. Its profits are of the very highest, yet irreproachable for fairness. Its feasibility and applicability to new purposes are so various that none need be surprised to see it employed in purposes the most reformatory and humane as well as in those with which it has heretofore been identified.

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### A Full-Weight Silver Dollar.

It is safe to say that no solution of the silver question is feasible in this country on the basis of silver monometallism. If the fight is forced on monometallist lines, the single metal will not be silver. The only solution of the question favorable to silver is in the direction of bimetallism—the use of silver with gold. The silver people profess to be favorable to this; and if they are, any feasible plan for dealing with the subject on a bimetallic basis should receive their hearty support.

In our last issue we suggested a plan by which bimetallism could be secured with the unlimited coinage of silver by adopting a flexible ratio, thus adapting the quantity of silver in the dollar to the value, so that the silver dollar in actual circulation will always be worth as much as the gold dollar, either as bullion or as money. Under such conditions there could be no tendency of silver to drive out gold, or *vice versa*, and, consequently, no reason for restricting the coinage of either.

To this position the Rochester *Democrat and Chronicle* presents the following criticism:

GUNTON'S MAGAZINE is a periodical devoted to American economics and political science. Its articles are always interesting, and usually instructive, because as a rule they are direct in style, clear in statement, and free from superfluous and confusing phraseology. The March number has an article on "The Silver Senators and Protection," which shows convincingly that the free coinage of silver would not be a measure of bimetallism, but would in all probability lead to silver monometallism. The writer reaches this conclusion: "Bimetallism can be accomplished in one of two ways: (1) By the limited use of the cheaper metal at a definite ratio, say, 16 to 1; the restriction being sufficient to prevent silver from entirely displacing gold in the monetary circulation. (2) By the unlimited use of silver at its bullion value—that is to say, the unlimited coinage of silver at a flexible ratio, so that the silver dollar shall always contain a dollar's worth of silver, regardless of the number of grains."

The first-mentioned plan is clear enough, but the second, it must be confessed, is either self-contradictory or expressed in terms so obscure as utterly to conceal the author's meaning. How can a dollar, once coined, always contain exactly a dollar's worth of silver, if the bullion value of the metal fluctuates? Let us lay down a problem, using round numbers for the sake of simplicity: Suppose, this year, the commercial price of silver bullion is such that 600 grains are worth a dollar. Suppose several millions of 600-grain dollars be coined. Suppose next year silver rises or falls in value, and several millions of dollars be coined, each containing 500 or 700 grains. How could there be uniformity of value in the different-weighted coins? In other words, what magic is there in the "flexible ratio" scheme that could make 500 grains of silver worth the same as 700 grains, or that could impart a 100-cent bullion value to coins of various sizes, "regardless of the number of grains" in them? This, seemingly, is a problem incapable of logical solution, although, possibly, the editor of GUNTON'S MAGAZINE has some explanation in reserve that will clear away a mystery which appears to be impenetrable. But, on its face, the statement of the proposition is an abrupt departure from that lucidity which, as before remarked, usually characterizes the discussions in this periodical.

It is rather surprising that, in suggesting a way for the more liberal use of silver in our monetary system, and at the same time for preserving bimetallism, GUNTON'S MAGAZINE made no reference to the Windom plan. The late Secretary Windom proposed that the government purchase silver at its bullion value, and in payment for the same, issue certificates of convenient denominations for currency circulation, the certificates to be redeemable in silver bullion at its market value on the date of presentation. Such certificates would always have their full face value, because the holders could at any time exchange each dollar of them for a gold dollar's worth of silver. They would be as good as gold; therefore they would be available for the settlement of all balances, domestic or foreign. Consequently they would not drive gold out of circulation, nor bring the country to a monometallic silver basis.

This eminently sensible plan would be in the nature of a compromise by the advocates of free silver-coinage, but not by the friends of sound money. It would utilize silver in our monetary system, but would carry no threat of a depreciated currency. It is worthy of the attention of every student of finance who is neither a gold nor a silver monometallist.

Our contemporary is entirely correct in saying that we made no reference to Secretary Windom's plan. We have discussed that in previous issues. The reason we did not refer to it is that it does not cover the case. Indeed, it is an entirely different proposition. Mr. Windom's scheme was to receive silver bullion and issue "certificates of convenient denominations for currency circulation," and redeem them in silver bullion at the market value. Such value would be measured in gold coin, of course, on the date of presentation.

One objection to this scheme is that it does not use the silver as standard money in any way. Indeed, it does not coin it at all. It simply proposes to receive the silver as so much property in pawn. It would not have used the silver as money at all, not even through the certificates, as the certificates so issued must in reality have been paid in gold. It was exactly the same as a promise to pay as many bushels of wheat as are worth ten dollars. The courts have everywhere held this to be a promise to pay ten dollars, and not to pay any quantity whatever of wheat. The logic of this decision is unanswerable. The only way one can pay a debt with a gold dollar's worth of wheat or silver or any other commodity at any given time is either to make the purchase in open market with gold at the very time of payment, or else give the gold itself; and of course the latter is what would always be done, as the other would involve much time and labor for nothing. Consequently, a promise to issue certificates payable in silver, purchased with gold at market rates, is practically a promise to buy all the silver offered and pay for it in gold. In such case the silver would not be money at all. No use of silver can really be called bimetallism which does not convert the silver into full legal tender, primary money, having all the redemption coin functions that the gold has. And if it is represented by certificates, the certificates must have the same legal tender functions in all respects that gold certificates have or that the gold or silver coin itself would have. In other words, it must convert the silver into dollars, either by coinage or certificates, which have

all the money power that the gold coin or certificates have. This, it will be remembered, is what Secretary Windom's scheme did not contemplate.

Our proposition does not contemplate, as did Mr. Windom's, making the government a mere pawn-shop or store-house for silver bullion, and issuing for circulation certificates of deposit; but it contemplates the unrestricted coinage of silver at the market ratio, that is to say, putting a dollar's worth of silver into the dollar, less, say, 1 per cent. for seigniorage.

The Rochester *Democrat and Chronicle* asks, "How can a dollar once coined always contain a dollar's worth of silver, if the bullion value of the metal fluctuates?" We answer, "It cannot," and our proposition is not based upon any assumption that it will. On the contrary, it is based on the assumption that whenever the value of silver rises, under-valued coins will go to the melting-pot. Jewelers and manufacturers will, as they always have, stand ready to melt dollars that are worth more as bullion than as coin. It also recognizes that whenever the value of silver falls so that the coin is over-valued, it will be turned into the treasury; and that only coins that are slightly over-valued, *i. e.*, are worth a fraction less as bullion than as coin, will circulate; because no profit can be gained by melting them and no loss sustained by keeping them in circulation. This is no more than has always occurred in history under the fluctuations in relative value, which the changes in rate of production by the mines, or in the election of one metal for coinage or in the arts, has occasioned.

The Rochester *Democrat and Chronicle* supposes that the issues of two years of coinage, one of dollars containing 500 grains and one of dollars containing 700 grains, are simultaneously out, and asks, "How could there be uniformity of value in the different weighted coins?" We answer, the two different weighted coins could no more be got out, and kept out, at the same time, than one quality of wheat could have two different prices at one time, one of 70 cents and one of 90 cents, in the same market.

During a time when, at the market price of silver, it requires 600 grains of silver bullion to buy a gold dollar, it is obvious that under our proposition no dollars containing more than 600 grains will be coined, because no holder of silver bull-

ion will have any interest in throwing in any extra grains. No dollars having any less than 600 grains can be coined, because to coin dollars having less bullion than is needed to buy a gold dollar is no part of our proposition. The coinage would start, therefore, with no premium to the silver owner calculated to send silver to the mint, and no profit in getting it coined other than the privilege of having it converted into full-weight legal tender money. Silver would circulate according to its weight and value, as all commodities and coins justly and fairly ought to circulate. The only event which could disturb the equilibrium between value and weight, existing at the moment of coinage, would be a subsequent change in value of the metal through causes connected either with the supply of the money metal, *i. e.*, cheaper cost and increased quantity produced at the mines, or *vice versa*.

Suppose these causes to raise the price so that a gold dollar would only purchase 590 grains of silver. Forthwith the jewelers would "contract the currency" by paying a premium for all the 600-grain dollars then out and melt them.

Suppose, however, production at the mines so increases and cheapens that coins containing 600 grains (which when issued would buy 23 22-100 grains of fine gold) will buy only 22 grains. These are out to the amount of, say, \$,6,000,000, which are as many as our mints could coin in one year, if used at their utmost capacity. The holders of these silver coins of short weight would have the right under the statute to pay debts, duties and taxes with them, just as they now have in case of the greenbacks and of the "standard silver dollars," so-called. The utmost harm that could happen to them would be that they would all go into the treasury and stay there, which is no worse a fate than accrues to all the silver dollars now coined.

The Government would incur a slight loss in recoining them into dollars containing, say, 626 grains; but this would be infinitesimal as compared with the losses it now sustains in redeeming in gold the promises issued to pay for silver. But the small loss thus incurred could, if necessary, be made good by a slight increase in the seigniorage until the loss of any such coinage was covered. Meanwhile, however, the full-weight silver dollar could be paid by the Government without any

charge or imputation of dishonor; and this itself would utilize for money purposes, not only the entire fund of silver now lying idle in the treasury, but potentially the entire silver product, if it were required for money purposes. More silver would not be coined under this proposition than was required for monetary circulation, because no profit would accrue to the owner of silver by having it coined. The only advantage to be gained would be its conversion into money, which, of course, would be no advantage at all if there was no need for it as money, since at least 1 per cent. would have to be paid for the coinage.

The only objection to the coinage of dollars of different sizes is the necessity of changing the dies; but investigation shows that this is a small matter after all, since the variation might always be made in the thickness and not in the circumference of the dollar, which would involve very little change in the dies. The change in the dies could be limited to four times a year, provided the value of silver had changed, say, 2 per cent. It is probable, however, that the dies would not have to be changed more than once a year, and, perhaps, not so frequently as that. Such a plan would give us bimetallism, with coins both of full weight and value at home and abroad. One coin would be as good as another, and either would be about as good in the pot as in the bank. Besides giving a great steady power to our money, this would furnish a permanent market for silver to the full extent that it was required in the monetary circulation; but it would only take it at its market value, which is all that any coinage should do.

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### Restoring American Ships.

Senator Stephen B. Elkins, of West Virginia, has introduced into the United States Senate a bill which sounds the keynote to the Protectionist policy which will be promptly inaugurated on the approaching election of a Republican president and a thoroughly Protectionist Congress in 1896. This is a bill to again protect the American carrying trade on the ocean, which alone of all the American industries has been left to the "tender mercies of the wicked" free trade dogma since 1816.

Many Americans are so absorbed in their private affairs, and are so deafened by the din of the mugwump assertion, that "a Chinese wall surrounds American commerce," that they actually do not know that all tariff protection was in 1815 placed in course of being withdrawn altogether from the business of sailing American vessels on the ocean. Such withdrawal was continued and perfected by many acts and treaties with foreign powers, until by about 1846 the last shreds of protection to shipping disappeared. Now, for half a century, the one American industry which has been subjected to the combined competition of every ship-owning nation has had no protection whatever. If there were any virtue in the free trade principle, pure and simple, the flag of the United States ought to float over half the carrying trade of the world. Instead, it only covers 14 per cent. of the cargoes that pass between our own country and foreign ports. Our coasting trade only survives because from this all foreign vessels are absolutely excluded.

Senator Foraker (elect), of Ohio, in his recent speech at the Lincoln Birthday banquet before the Lincoln Club in New York on February 12, said that the flag of the United States would again float over 60 per cent. of American cargoes on the ocean if the country would return to "discriminating tonnage and tariff duties," by putting a premium upon American-built ships; making the free list of imports subject to the condition that they come in American bottoms, allowing a rebate of 10 per cent. on all dutiable goods of our own carraige; confining the benefits of reciprocity to goods carried in ships of the reciprocating countries, and protecting American marine insurance and American shipping from the tyranny and injustice now practiced by foreign marine insurance. These provisions he regards as marking the true American policy for attaining commercial independence and our "rightful place on the oceans."

Of course, either of the candidates for president, now prominent, will gladly welcome and sign a measure to restore the United States to their early ascendancy in the carrying trade. Much of the local prosperity to flow from the special activity in ship-building, to which this policy would give rise, would enure to the advantage of our Atlantic, gulf and Pacific ports. It is more gratifying, therefore, to observe that

the "talk that means business" on this question comes equally from leaders of opinion and legislation in the interior states, whose only ports open on the Ohio and the lakes.

In June, 1895, in reviewing an article by Mr. Bates on "Protection to Navigation," we took occasion to say, "The remedy which would be most effective would be the revival of the remedy actually pursued from 1792 to 1816, and which increased our shipping six and one-half fold in nineteen years, viz: to make our whole system of duties on imports discriminate so as to pay a lower rate of duty upon goods coming in American than in those coming in foreign ships. A wise adjustment of duties on this basis would soon cause the ocean to swarm with American ships, without any serious rise in rates of transportation, because our capitalists and ship builders are all ready to build them. Within a few years it will restore to the American flag the carrying trade in American goods and (in) a very large share of all goods carried between English ports." Our allusion to the carriage of goods between English ports was called forth by the incident that the London *Times* had then recently published, viz: that bailed hay was selling in London at \$40 a ton, and on the west coast of Ireland, only a few hundred miles away, at \$10 a ton, thus indicating that since the coasting trade of the British Islands had been thrown open to the "competition of the world," the producers and consumers of hay, at least in the British Islands, were getting very scant and poor service, and, therefore, necessarily very dear service. The old maxim applies that a business which is thrown open to everybody will be done by nobody.

The simplicity of Senator Elkins' bill\* will commend it to all. It is drawn by Mr. Alex. R. Smith, the editor of the journal, *Sea Board*, which is specially devoted to our commercial and maritime interests. It is, however, exceedingly modest in its demand. The better to exhibit in its true light this modesty,

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\* A discriminating duty of ten per centum ad valorem, in addition to the duties imposed by law, shall be levied, collected, and paid on all goods, wares, and merchandise which shall be imported on vessels not belonging to citizens of the United States; and any and all clauses in existing treaties in contravention hereof, and all acts of Congress contrary thereto, are hereby abrogated and repealed.

This act shall take effect fifteen months after its passage.

we purpose to compare the little here asked for with the greater work done in the Republic's infant days. It is possible that in the effort to simplify this legislation it may expect a somewhat larger effect than would actually be produced unless the bill be amplified in its scope by the addition of other and broader provisions. To this end we may recur with profit to the degree of legislation which was found protective in 1789 to 1815.

The protection of our national shipping by "laws similar in their nature and operation to the British navigation acts" formed a chief object of that convention of merchants and business men at Annapolis, which led to the movement to revise the Articles of Confederation, and to form the present Federal Constitution, vesting the National government with the power to lay duties on imports. A memorial from the like commercial class in Baltimore to the first Congress which assembled under the Federal Constitution declared that "for want of national protection and encouragement, our shipping, that great source of strength and riches, has fallen into decay and involved thousands in the utmost distress."

Within two months after the date of this petition, and before the country had even a secretary of the treasury or any cabinet officer, and before Congress had defined what officers should constitute the various "heads of executive departments," that body responded in its second act to the demand for protection to ocean navigation.

This act provided:

(1) For a general rebate of 10 per cent. from the import duties on all goods imported in American vessels from ports other than the Chinese and East Indian.

(2) On all East Indian and Chinese goods other than teas, if brought in foreign vessels, the duties were to be 12.5 per cent. ad valorem; whereas, if brought in American vessels they were about half that rate.

(3) On teas, if brought from China or India wholly in American ships, the import duties were to be 6 cents per pound on Bohea, 10 cents per pound on Souchong, other black imperial or gunpowder, 20 cents on Hyson, and 12 cents per pound on all other green teas. If brought only from Europe in American vessels, the duties were to be 8 cents a pound on Bohea, 13 cents on Souchong, other black imperial or gunpowder, 26 cents per

pound on Hyson, and 16 cents per pound on other green teas. If brought in foreign vessels all the way from China, the duties were to be 15 cents a pound on Bohea, 22 cents on Souchong, etc., etc., 45 cents on Hyson, and 27 cents on other green teas.

These duties were nearly doubled in 1790-91—were still further increased in 1797, when they stood, on Bohea at 12 cents from China in American vessels, 14 cents from Europe in American vessels, and 17 cents if brought all the way in foreign vessels. On Souchong the rates were 18 cents, 21 cents and 27 cents respectively. On other black imperial, gunpowder, Gomee, and Hyson they were 32 cents, 40 cents or 50 cents, according to the flag they came under, and so remained until 1812, when all these rates were again doubled. The rates continued nearly as high and the discriminating principle as to the vessel they came in continued, so far as the act of Congress could continue them, and when not vacated by treaties pursuant to the Reciprocity Law of 1815, until 1832. There was even a duty of 10 cents per pound on all teas imported otherwise than in American vessels from beyond the Cape of Good Hope until September 11, 1841. Here are fifty-two years in all of exceedingly influential discriminating duties, which are not embodied or copied in Senator Elkins' bill. A very important share of the productive effect actually exerted in behalf of American shipping was achieved by these duties. It would not be correct, therefore, to assert that a mere discrimination of 10 per cent. ad valorem on goods imported did actually effect the degree of tariff protection which was afforded to our shipping from 1789 to 1832, or to infer from the success then achieved that such a bill as Mr. Elkins now presents would prove adequate under existing conditions.

It should also be borne in mind that by a further act of Congress, approved only sixteen days after that above described, additional protection to our shipping was given by levying discriminating tonnage dues, as follows:

On all vessels, American built, owned by citizens, or foreign built, if owned by citizens on the 29th of May, 1789, and while owned by citizens per ton on entry at a custom house, (each arrival), 6 cents.

On all vessels thereafter built in the United States, partly

or wholly owned by foreigners, on each entry at custom house, per ton, 30 cents.

On other ships or vessels at the rate of, per ton, 50 cents. While by the act of July 4th, 1789, goods imported in foreign vessels paid full duties, and goods imported in United States vessels paid 10 per cent. less, by the acts of August 10th, 1790, and March 2d and 3d, 1791, the mode of this discrimination was changed by providing that goods imported in ships and vessels, not of the United States, should pay ten per cent. additional to the schedule rates. This ten per cent. additional continued until the act of August 30th, 1842. There was during all the period from 1790 to 1842 a ten or twelve per cent. discrimination in rates on all goods not brought from China or India in American vessels, in addition to a discrimination in tonnage duties, which on a vessel of 8,000 tons would amount to a tax of \$4,000 for each entry of a foreign vessel into an American port.

Our increase in shipping engaged in the foreign trade, under these laws, was from 123,893 tons in 1789 to 346,254 tons in 1790, to 529,471 tons in 1795, to 667,107 tons in 1800, to 744,224 tons in 1805 and to 981,019 tons in 1810. All this progress increased our shipping eight-fold in twenty-one years, notwithstanding that in 1806, Great Britain declared France and its allies under blockade, in 1807 Napoleon declared England and its allies under blockade, thus subjecting our vessels to capture for trading with any part of Europe, and in December, 1807, President Jefferson, by an act of unparalleled folly, forbade all American vessels to go to sea. Owing to this, and the still greater blunder of the reciprocity act in 1815, our tonnage engaged in the ocean trade in 1810 was not again equaled until 1847. In 1888, 1890 and 1892, it again fell below the level of 1810, though our population was seven-fold greater.

For a time, from 1815 to 1846, our tonnage of shipping in the ocean trade was nearly stationary. In 1846, it even underwent an expansion, reaching its highest point in 1861, when it amounted to 2,494,894 tons.

From this point it has again declined below the figures of 1810. The absolute lack of progress from 1810 to 1846 was due to the paralyzing effect of the treaty of 1815, and the act of Congress passed to give it effect. The act of 1815 provided

"that so much of the several acts imposing duties on the tonnage of ships and vessels, and on goods, wares, merchandise, imported into the United States, as imposes a discriminating duty on tonnage between foreign vessels and vessels of the United States, and between goods imported into the United States, in foreign vessels and vessels of the United States, be and the same are hereby repealed, such repeal to take effect in favor of foreign nations, whenever the President of the United States shall be satisfied that the discriminating or countervailing duties of such foreign nations, so far as they operate to the disadvantage of the United States, have been abolished."

Thus, we threw away our protection to ships, as one of the conditions of a peace with England, after a war waged nominally to protect our ships from search for foreign seamen. The real reason, however, was that through the folly of the Democratic demagogues of that period our national welfare had become perilously interlocked in a warfare virtually with all Europe, in which our only ally was the marvelous adventurer and genius of Corsica, whose empire had vanished at Waterloo and left not a vestige of its power on which we could call for aid.

Our ambassadors, without waiting to consult the home government, snatched hastily from the burning elements of the conflagration, a treaty of peace, which was rapidly followed and consummated by an act giving free competition in the ocean-carrying trade to the power which had conquered at Waterloo.

Our own little victories over that power, the most important of which, at New Orleans, was won five weeks after the treaty of peace had been signed, were of no real value except as a balm to our national vanity. The issue was decided for us in the defeat of our precarious ally. Under the stern necessities involved in that defeat, we accepted with a pretended alacrity, which would have been unwise if it had been at all sincere, a curtailment for eighty years of our power as a maritime nation. The hour has now arrived when this national humiliation and loss should be reversed with a vigorous snap and ring that shall be felt and heard in every seaport on the globe.

### Economic Aspect of Large Trading.

A single commercial enterprise does not by mere force of its dimensions necessarily become a topic of general economic interest. But when it marks the culmination of a series of changes in trade methods, which in its entirety revolutionizes the essential nature of commerce, it becomes as important in an economic sense as any great internal improvement or new process in the useful arts. Half a century ago the economics of commerce seemed to demand a rapidly increasing specialization of industries, each firm dealing in one line of goods. The country store, "which dealt in everything," was held to be synonymous with slow trade and sparse populations. The city merchant who dabbled in anything outside of his line was distrusted. If he imported dry goods, he should let watches alone. It was assumed that a wholesale firm which gave its attention exclusively to velvet ribbons or to straw millinery or umbrellas, was sure to outstrip one that sold all those. Whiteley's in London, Wanamaker's in Philadelphia, Lehman's "Fair" in Chicago, the Beau Marché in Paris, and Macy's in New York began thirty years ago to reverse the current and set the tide in an opposite direction. They discovered that customers easily tire in the vigilant search for low prices, and quickly lose their keen sense of values and of qualities in the eager quest for the best goods, and when their perceptions are thus benumbed by over-exercise they are ready to buy—they buy all they want without that strict habit of scrutiny with which they set out. When this stage is reached, the secret of trade is found in having everything they can possibly desire. Thus the great "shops" have returned to the earlier fashion of selling everything, thereby saving their customers time, and availing themselves of that prolific stage in the customer's mind when his patience is exhausted by much scrutinizing, when his taste has lost its keenest edge, and when his confidence has fixed upon one establishment as being at least as good as any that can be found.

The firm or joint-stock company of Siegel, Cooper & Co. has for several years carried on in Chicago the most colossal enterprise in the country in the line of purely retail trade, and is now on the threshold of an even more gigantic undertaking

in New York City. The edifice erecting for this purpose on Sixth Avenue, from Eighteenth to Nineteenth Street, now approaches completion sufficiently to afford the public an opportunity of appreciating at least its importance as a contribution to the architecture of the city. It is the largest structure in the world devoted to trade under a single management, except the Beau Marché in Paris. Its architectural style is not yet fully disclosed, but promises to excite as much interest as its dimensions. It is to be 200 feet wide in front by 470 feet deep, and seven stories in height, thus enclosing an area equal to twenty-two city lots, or 1 5-6 acres on each floor, or about fifteen acres on its eight floors. This is about three times the space occupied by the H. B. Claflin Co. (wholesale), whose sales have run up to \$80,000,000 per year, and about twice the area of flooring in use by Hilton, Hughes & Co.

The site and building involve an expenditure which can hardly be less than \$7,000,000, and it may well be supposed that the arrival of so formidable a competitor who has not heretofore sold a dollar's worth of goods in New York has stimulated the older merchants who have so long occupied Sixth Avenue to unwonted activity. Altman's, located immediately opposite the new enterprise, have well under way an enlargement of their store to a depth of 306 feet, an addition to the whole of one story in height and in the rear of seventy-five feet more of delivery stables. As yet, however, they have not been able to effect a purchase of the corner on Eighteenth Street which would be essential to bring them into imposing rivalry as respects their frontage on Sixth Avenue.

An interesting question will be whether this invasion of Western capital and enterprise means that every great retail store in New York and throughout the country must be driven by competition into the universal department system, which has been carried to a greater extent by Siegel, Cooper & Co. in Chicago than by any other firm. Must every great modern dry goods store not only sell millinery, furs, robes, clothing, pictures, house furniture, hardware and groceries, and keep a restaurant as at Wanamaker's and Macy's, but must they all have a servants' employment or intelligence office, a savings bank, bank of general deposit, a meat, game and poultry market, a live bird market of enormous variety and dimensions like

that of Siegel, Cooper & Co. in Chicago, a coal yard, a dentistry establishment, baths, barber and hair dressing, liquors, wines and cigars, jewelry, diamonds and *bijouterie*, bicycles, musical instruments and pianos, and others, *ad infinitum*? Where is the extension of departments to stop? Why not add carriages, harness and sales stables, real estate, house renting and insurance, building and mechanical trades and publishing, ship-owning, stock brokerage and a daily newspaper?

But it may be asked, What interest has the public, and especially what interest have economists, as such, in the concentration of so many heterogeneous branches of sales under a single control, or rather in the greater "fitness to survive" shown in those that concentrate many lines, than in those that confine themselves to one? The same as in the advance in ship-building from the bark canoe to the ocean steamer; the same as in the advance in railroading from a bankrupt road from New York to Harlem to a solvent system of railways beginning at the Atlantic and ending at the Pacific; the same as in the transition from the little Irish or French farm of from three to ten acres, to the bonanza farm of Grandin or Glenn, which produces a million dollars' worth of wheat in a year and owns the ships that carry it to Liverpool; the same as in the advance from the home weaver to the factory system.

The points involved in the new system of merchandising are the economy of time to the purchaser, for he can order everything he wants at one counter and in one store; equality of prices and of method as between large and small, and rich and poor purchasers, for there is no time to be unequal; honesty, fairness and dispatch in the sale of goods, since it all reduces itself to a motive process, putting out the goods, taking in the prices; these qualities must lead back ere long to the manufacturers by ensuring a paying preference in trade to those who manufacture durable and permanent, over those who turn out transient and defective, goods. All the elements of progress lie in the direction of giving the greatest dimensions to industry. This is accomplished in trade, as everywhere else, by just that continual "dissipation of energy" (*i. e.*, expenditure of capital and labor), "integration of matter" (*i. e.*, massing of buildings, workmen, goods, exchanges and processes), "differentiation of form" (*i. e.*, extension of the unity of function, which

comprehends all sales, to that diversity of phenomena which applies to selling all things), wherein Herbert Spencer detects a unity between the law which evolves the acorn and the universe, the army and the opera. In this progress there is in trade, as in all other things, a continual progress of every department, "from the homogeneity and indefiniteness of non-organization to the heterogeneity and definiteness of organization." Where a human being touches trade at a point only one remove from beggary, idleness and theft, by standing on a street corner and selling matches or pencils or flowers only, unaided by the co-operation of a single human being, there is what Mr. Spence would call the "homogeneity and indefiniteness of non-organization." Every step in the upward progress of trade from this point, until it has a force of 5,000 clerks, occupying sixteen acres of flooring and retailing goods worth fifteen millions per year, lies through a continual increase in the "heterogeneity and definiteness of organization," *i. e.*, in the definite direction of many wills and members of society to the attainment of a single definite purpose. Such a concern can hardly sell fifteen millions of dollars' worth of goods annually at retail without disbursing \$2,500,000, annually, for the wages of its clerks, salesmen, porters, carriers and other employees. It will concentrate into a single building, probably as large sales as are now made on either of the avenues, except the Sixth, throughout their entire length, at an aggregate saving for rent, interest and clerk hire, which is simply enormous.

It is not a little singular in the psychological aspect that the continual evolution of industry from its lower and smaller to its higher and intenser forms is attended by the pangs of many who do not welcome the new birth, but, on the contrary, look on it with apprehensions of disaster and calamity. "It will close so many of the smaller concerns," says one. "It will make it so much more difficult for persons of small or moderate capitals to compete," says another. "It will harness all the small proprietors into mere clerks of the few great capitalists," says a third. "People who can contemplate this concentration of wealth with delight must be prepared to kiss the chains which the new slavery will bind upon their limbs," says a fourth.

It is true that the number of persons who can be without a "boss," or master, is greater in the nomadic life than in the

civilized; greater, therefore, among savages and least in the more highly organized and complex industries of cities; greater, therefore, also in civilization among those who stand aloof from the larger firms, corporations, parties, clubs and associations than from those who enter into them and so keep with the "swim." But it is also true that the savage and the solitaire, the non-partisan, the individualist or the recluse purchases his freedom from being bossed at the cost of having nothing which he himself can command, own or control. His loss of real power is commensurate with his unwillingness to co-ordinate himself with the purposes of others. Civilization itself consists, therefore, largely not in escaping from all masters, but in recognizing and falling in with the masterful, whether it be in trade, politics, art, religion, business or society. The class who will obey no one can command no one. The class who will not recognize worth, cannot be recognized as having any worth. Hence adaptation to environment includes as its first essential the ability to co-ordinate and co-operate with others, including the acceptance of such subordination of the individual to the mastery of the successful as promotes the success of the work. These principles apply to trade as implicitly as to the military career or to Church organization.

If the economics essential to the most perfect sales system require mammoth stores, the fact will be shown by their ability to sell more goods at a lower percentage of cost for the rent, clerk hire and transportation, loss of time and interest than the same volume of goods could be sold in the small stores, just as the great factory manufactures at a lower cost per yard, and the great railway carries more cheaply than the Japanese jin-ricksha or the Indian guide, the ox-team or the "star route" stage.

The great stores, like the great factories, or the great railways, however, could live but for a brief period on the trade they win from other existing traders. Their permanent profits must come from the absolutely new trade they bring into being by their increased facilities and the new consumption to which their cheaper sales give rise. Siegel, Cooper & Co.'s great store will probably draw new trade from a circuit of from five hundred to a thousand miles around, the overflow of which to their rivals will compensate for and doubtless exceed what it

may draw from them. It will stimulate a more active ferry, bridge and railway communication between this portion of New York and all its suburbs, and will increase the general flow of traffic which now tends toward the distinct retail trading mart of which it will assume to be the center and the chief attraction. It will stimulate such active competition on the part of its immediate rivals as will clearly elevate this section of New York into as distinct and commanding an eminence in retail trade as Wall Street enjoys in finance and speculation, or as Chicago enjoys in grain and provisions. We have referred to the analogy which exists between the workings of the natural and scientific theory of evolution as it applies in the physical world and in the economic. It is the same process in both.

In like manner, considering a great business enterprise as a development in mere art, as well as in industry and in social science, it may be said that it follows the laws of art, as distinctly as they are traced by Hegel in his sketch of the Philosophy of Art, from the Pyramids to the Parthenon, and from the Parthenon to the opera. The first effort of the human spirit struggling to express and interpret itself expends its creative force, says Hegel, in mere mass, as the Pyramids on the Nile, the Babylonian walls and hundred brazen gates, the Chinese wall, the Colossus of Rhodes, and the great amphitheatres of Rome, where from 40,000 to 370,000 persons gathered to witness a single act of amusement or of sacrifice.

How vast the stride from this to the Greek statue, where perfect grace and mobility, lightness, joy and life stood enshrined in marble, but only in the single form. How far it seemed from this to those more social forms of art which lay hidden in groupings, numbers, the conflicts of opposing wills and hosts, and the orderly sequence of successive events, with all their dreadful power to teach passion, justice and the penalty of offended law. Painting brought the group and the conflict, but was limited to a single moment of time. It was powerless to express the dramatic action which feeds the moral sense, or the historic sequence out of which birth is given to the divine quality of law. These came with history, which when told in verse and fitted to be sung becomes the epic. In passing from the epic to the drama, with living actors reviving in exact movements and gestures every attribute and charm of life and

power, art draws near to its final climax. In the opera the drama is set to music, and here, if earth were all there is of earth, art would reach its final climax. But far above the earth stretch the unexplored illimitable heavens, and far beyond and above the soul are the fathomless mysteries of being, causation, duty and destiny. These cause the final form of art to be worship, the last baffled effort of the divine in man to interpret the divine in nature.

In this chain of logical sequence, as defined by one of the master thinkers of the German race, the struggle of the divine spirit in man, to give itself expression, first takes the form of mere dimensions; mass, the colossal. But as the subsequent ascent is made from mere mass, first to the cold beauty of individual excellence, as seen in the isolated statue, then to the ever-increasing warmth and naturalness of the subsequent stages of art, the painting, the poem, the drama, the opera and the final transcendent effort of the mind to express itself in worship, we discover the law of life, of art and of progress. There is a logical sequence in industry, as there is in science and in art, whereby magnitude in dimensions comes first in order, before we can have grace or beauty, association in groups, and the harmony between antecedents and consequents which constitutes social justice. Auguste Comte found that there is a natural order in the sciences whereby the human mind must evolve those sciences that grow out of mere dimensions or mass, viz., mathematics, astronomy and physics, before it could take up the more graceful, complex and disputable sciences which involve the study of life or biology, first in individuals and then in groups, and among biological studies the incertitude and complexity increases as we pass from the facts relating to the physiological and anatomical structure of a single specimen to those which investigate social organizations composed of many, and intellectual and moral relations of every kind.

In all these phases of progress, every forward movement has to be made against an instinctive impulse of condemnation—a Papal bull of anathema, which mankind involuntarily issue against the unexpected and extraordinary. The consolidation of railways, in our own time had to be carried on against the consciences of courts, the hostility of legislatures, and the denunciations of statesmen and “reformers” at every step. But the

blind guidance of sheer profit was wiser than the honest jeremiads of saddened prophets, because the power of the unconscious instinct which guides the human race is a power higher than the dictum of any one member of the race, however enlightened or wise. Doubtless the orbit in which the race moves will periodically swing back from its concentrative to its dispersive tendencies, from its perihelion to its aphelion. It will find new modes of evolving individually-conducted and liberty-developing industries to offset the grinding sacrifices of ease and freedom involved in great concentrations of control. Something of this dispersive force is seen when the greater printing and publishing houses of New York betake themselves to Rahway, N. J.; to Akron, Ohio; to Northport, Long Island; or to Irvington-on-the-Hudson. Mankind can be as certainly trusted, in the long run, to seek individual freedom as to seek wealth, which, in its last analysis, means the massing of power over many, and, consequently, the loss of relative freedom of some kind. The vibratory alternation or unstable equilibrium between the successive and simultaneous control of these two forces is one of the facts which renders it possible that society shall be eternal.

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### American School of Political Philosophy.

BY THOMAS S. BLAIR, A.M.

Among the contributions to the original thought of the day which we owe to the conductor of this magazine, the suggestion of the creation of an American School of Political Philosophy seems to be one of the most fruitful. According to the writer's understanding of that suggestion, the many and significant points of difference between the conditions of life now prevailing in this country and those under which were evolved the earlier and later systems of thought relating to this class of subjects, make necessary the revisal of the European conclusions from an American point of view. Taking up this germinative idea, and passing before us in mental review the more conspicuous of the facts on which it seems to throw a fresh light, we discover in it the possibility of its conversion into a fundamental concept capable of co-ordinating into a systematized ensemble a large body of recognized phenomena,

which shall not simply constitute an adequate basis for a modernized political philosophy, but also afford a confident assurance of discoveries of still wider scope beyond. Let us make a first crude attempt at methodizing these facts in the manner thus indicated, as follows :

The Occidental civilization has already developed out of the conditions peculiar to certain successive periods in its history, two successive - philosophies of political organization. These are

1. Out of the state of war natural among tribes or nations of a low order of civilization, with the War-Lord as the organizing intelligence presiding over the fulfillment of the most urgent requirements, to-wit, the protection of the tribe or nation from violence from without, is evolved the great co-ordinating concept of the Divine Right of Kings.

2. Out of the state of peace consequent on the success of this form of organized resistance to aggression from without, is evolved the substitution of rule through success in wealth-winning for rule through success in war-waging, so as to meet the new requirement under the altered conditions, namely, the protection of the individual, whether in person or in property, from violence within the organization : — with consequent development of the new concept of Representative Government.

This new concept, admirable in the abstract, was, under the conditions prevailing in that European nation in which it received its greatest development, in the actual concrete, representative simply of the interests of the special class just mentioned; and necessarily so, for in it alone, outside of the high-lineage class, was to be found the organizing intelligence indispensably requisite to orderly government. It was a great step in advance, because involving so much, ultimately, in the opportunities inevitably opened up to the masses, but, in itself, it was essentially sordid.

In both European systems there is found the element of class-government—a government by a class, and hence (under the laws of human nature) a government for that class : the other classes in each case depending for their share of the advantages of the existence of the government on the fact—when such *was* the fact—of a community of interest as between

themselves and the governing class : but in the earlier the element of chivalry, the sentiment, "*noblesse oblige*," was a powerful antiseptic against corrupting influences, a saving power not effective in the same way in the later system. Against this, however, must be set up the consideration that the protecting care of the high-born over the low-born was extended upon the condition, express or implied, of willing subjection on the part of the latter.

But again, while the relative position of earlier and later are those of Conservative contrasted with Progressive, the governing class under the later system developed a philosophy—the accepted economic philosophy of to-day—which recognizes in natural law no provision for *further* progress—for progress beyond that condition of things which places them in the seat of power. To the American instinct, the history of the struggle between the Conservative and the "Liberal" parties in England over the legislation for the emancipation of the labor-class (as presented, for example, in Mr. Gunton's description of English Factory Legislation, in his *Wealth and Progress*) seems amazingly illogical, reactionary, and il-Liberal.

To the American mind, therefore, the suggestion is self-evident that, as erst to the rule of the peace-securing class, succeeded the rule of the order-preserving class, so now the times are ripe for the supersession of the latter by the rule of the progress-securing class. What forecast, then, can we frame of the distinguishing features of this final and complementary, this American, Philosophy of Political Organization ?

A discovery is already half made when we have determined what it is that we would discover. Let us then make the effort to construct a hypothesis of what the progressive system, in practice and in theory, in aspiration and in realization, in view of the facts conditioning its evolution, is destined to be

Instead of a government of the militant class, or a government of the employing class, there will be a government of the labor class. As before, the interests of the non-governing classes will, to a certain extent, be safeguarded by the fact that the interests of the governing class will suffer by reason of its oppression of the rest of the nation; but this safeguard will operate with greater celerity, positiveness and effectiveness, because of a certain peculiarity of the non-governing class

consisting in the fact that it must always be the most unfavorably affected of all the classes by any influence injurious to the interests of any other class. This circumstance establishes the superior fitness of the labor class for the position of control (1) whenever the true principles of political, social, and industrial adjustment have been discovered by the leaders of thought; and (2) whenever these principles have been comprehended and adopted by the labor class.

Let us further assume that, even as, through a slow and much-perturbed evolution of conditions, a fullness of time was finally reached when the accumulated facts of experience supplied the materials out of which the human mind was able to frame the concept of Divine Right, co-ordinating all those facts into the generalization which we recognize as the earlier European Political Philosophy; and even as the future evolution of the conditions of existence co-ordinated in the concept of the rule of the Successful Commoner; so now, in the course of the continued progress of that evolutionary movement, the hour has at last struck when the additional experience accumulated suffices to suggest the new co-ordinating concept which is competent to systematize the whole sum of Occidental experience into the sought-for Philosophy, if only the human mind—whether through the exercise of a keener insight than has as yet been brought to bear upon the phenomena, or through the adoption of a new point of view—can, in this third, as in the two former instances, show itself capable of grasping their true significance, with the ultimate result of the development of a political philosophy under which a government of the labor class, by the labor class, for the labor class, intelligently administered, shall prove to be the best of governments for every class.

It is needless to enlarge in this place upon the consequences to human progress of the realization of such an ideal. It suffices to name but one of the many aspects which the prospect presents, to-wit: the relief which it promises from the pressure of that dark and dismal incubus upon modern hope and endeavor, the classic Political Economy, with its Gospel of Helplessness, of the impotence of human effort in the presence of the natural laws of wealth-generation, its Gospel of Helplessness as regards the future of the labor class, and its Gospel

of Hate embodied in its doctrine of the relations between Capital and Labor. Fancy the change from its paralyzing and degrading pessimism to the inspiring, ennobling influences of an abiding faith in a sublime purpose, indulging all the perplexing phenomena of human existence:—a purpose in the carrying-out of which each individual alive to his place in the scheme is a conscious participant.

Finally, and as the crowning feature of our hypothesis, let us assume that there exists, not simply, as above suggested, a more commanding point of view for the new philosophy to discover, but also a new method in the pursuit of knowledge; this new plan of procedure consisting in adopting the methods of the successful man of affairs in dealing with the complexities of the phenomena of concrete existence, as a substitute for the unsuccessful methods of the baffled philosophers.

Thus, there would seem to be laid out for the American School of Philosophy a programme of discovery, not only of the deepest import within the comparative narrow scope of a Theory of Political Organization, but also in the widest range accorded to human thought in the boundless realm of abstract speculation.

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### The Myth of Stock Watering.

Among the numerous popular errors born of economic superstition and the fear and distrust of capital, none are more prevalent than the notion that stock watering is a means of enriching capitalists by swindling the public. Nor is this superstition limited to workingmen, but it seems to be about as prevalent among the professional classes. In the *Arena* for March, Professor Frank Parsons, who frequently enlightens the readers of that journal on economic subjects, seeks to denounce as a public injury the fact that the Western Union (Telegraph) Company bases its capital of \$95,000,000 and bond debt of \$15,000,000 on a property now alleged to consist of 190,000 miles of line, 800,000 miles of wire and 21,000 offices, all of which have grown out of several small investments made, say, in 1860; one of \$147,000 for a line from Brownsville, Neb., to Salt Lake City, another from New York to Louisville costing \$150,000, and various other short lines, all of which were capitalized in 1863.

at only \$3,000,000. There is a vast expenditure of diseased and abnormal emotional distress in depicting the expansion of these small investments of cash made thirty-five years ago, as if they were the basis on which the present \$110,000,000 of capitalization rests, thus ignoring the continual investments of millions of new capital, and the addition of the fruits of many years of the investment of capital in new lines, and in paying wages for the co-operative efforts of many scores of thousands of co-workers.

The writer does not seem to know that multiplying the stock or increasing the issue of shares did not increase the value of the property at any time by a single penny, nor add to the total of dividends that could or would be paid. All this increase of shares and certificates of stock was mere waste paper, except as increased earnings gave rise to increase of value. Suppose no increase had occurred on the capitalization of \$3,000,000 made in 1863, would the public have been any richer or the stockholders any poorer? If the earnings were what they have actually been, and the stock had remained at \$3,000,000, then each \$100 share of that stock would have sold for \$3,700 and would have drawn all the revenues it has actually drawn. The Chemical Bank has pursued this course. It was capitalized sixty years ago at \$300,000 and remains in that state since. But each share sells at forty-eight times its face, and it loans its original nominal capital about once every twenty minutes during banking hours. Its failure to increase the quantity of its capital so as to keep its shares down to par has not cheapened its services to the public nor lessened its profits or income by a single dime. Its charges on loans depend on the current rates of interest, not on the amount at which it is capitalized. And whatever it can save at these rates it must divide. So with the Western Union. Increasing its capitalization has had no effect whatever on its rate of charges for telegraphing or on the total amount of its earnings. Its rates for telegraphing were governed by the competition between it and the mails or other modes of sending the news, and by the value which the senders attached to speed as compared with postage. Its aggregate earnings depended on the margin it could make between its returns or receipts and its costs for employees, repairs, etc. Neither of these elements would be affected by the quantity

of its shares of stock. Of course, it must be recognized that a large portion of the gross earnings were constantly being transferred into and added to the fixed capital which was to be used in making new earnings.

The law which governs the distribution of the values which result from production, between the things produced by labor and effort, on the one hand, and the means which condition or expedite or save labor in production, on the other, has never been so clearly worked out as could be wished.

There is no difficulty in perceiving that a chief source of the rapid rise in the value of a racehorse from the \$300 which he would be worth so long as he would trot a mile in 2m. 25s., to the \$3,000 which he would be worth if he trotted the mile in 2m. 12s., and the \$30,000 he will be worth when he trots the mile in 2m. 5s., springs from the gate moneys paid by the sportsmen whom the horse will draw. The desire to win by skillful horse breeding, a horse which will draw these gate fees or other like profits, causes an expenditure in the effort to produce this order of horse, commensurate in losses and risks with the average cost of the other efforts which result in the same values. The proprietors of the racecourse can divide a portion, perhaps the whole, of the gate money, with the owners of the horse as profits, but the power to earn such profits is in part capitalized in the increased value of the horse, which conditions the gate fees. This rise in value attaches to the horse first at the rate of \$200 for every second of reduction in time, and then at the rate of \$4,000 for every such reduction.

In the same way a valuable corner lot on two great thoroughfares like Wall street and Broadway may be said to grow in price with every added \$100,000 of exchanges it conditions in excess of the exchanges which can be made in any inferior location. An actor's drawing power conditions the rate at which he can sell his services to the manager of a theater. A preacher's power to attract \$50,000 annually in pew rents when his most formidable rival could attract only \$25,000 in pew rents, entitles him as a condition of church success to a salary of \$25,000 and his competitor to one of but \$12,000.

The principle upon which rests this distribution of values to the causes which condition value, is not unlike that upon which an engine, a loom, a yoke of oxen, or a plow, engaged in pro-

ducing power, yarn, potatoes or grain, draws to itself as an implement, by reflex action, a value which, as these objects are not themselves consumable in the gratification of any human want, is derived from their function or utility as means of producing things that are consumable. They are all implements of human labor used to save a greater human labor, and a portion of the natural cost of the labor they save attaches to themselves, by carving out a margin between the cost of the alternative means of accomplishing the same result, and the lower cost at which they accomplish the same result; a residuum of saving, a portion of which goes to him who first uses them as profits and another portion of which goes into the work of reproducing this labor-saving apparatus, and thereby becomes at once its cost of production and its capital value.

As a rule, shares of stock in a company subjected to the risks of active commercial or manufacturing business will take on a selling value in the market equal to the sum of money on which the dividends will pay the current earnings in similar grades of business. The current earnings in a good manufacturing business are from 8 to 20 per cent., according to its kind. For many years the Chicago Tribune Company, as a corporation, was capitalized on a basis of \$200,000. When first so capitalized, say in 1858 to 1860, it was insolvent, fresh from a receiver's hands, and its stock might have been worth \$25 on every hundred. By 1864-6 it rose to an annual dividend-paying power of \$225,000, and these dividends sent the principal value of its shares up from \$25 per share (of \$100) to \$650 per share. At the latter price its \$200,000 of stock were worth \$1,300,000. Had the company been desirous to sell its stock to the public, it would then have been in accordance with the tactics of "the street," to have reorganized the company on the basis of \$2,000,000 capital, and to have sold its shares at about from \$60 to \$75 per share of \$100. Such a reorganization, however, would not have enabled the concern to earn a dollar more, or to sell its paper or its advertising space any higher. If shares were issued for \$20,000,000, they would have sold for \$6.50 per share. The amount of stock issued upon any enterprise has absolutely no influence in determining its aggregate earning power. If the public can be induced to invest in it more freely if the amount of stock issued is such that the divi-

dends keep it very nearly at par, that is an affair by which buyers and sellers of its stock make or lose, so far as its range of actual earnings is unknown, and therefore subject to some misrepresentation. But no fraud in that direction can affect the prices which the company can exact from the public.

All means of production, *i. e.*, machinery, mills, farms, etc., and all conditions of production, *i. e.*, land in cities deriving its value from its mere working space and centrality of location with reference to the societary movement, derive their value by reflex action from their earning power, *i. e.*, the principal value is a consequence of the return or earnings which the free competitions of society will enable its owners to charge for their use. Stocks of working corporations do not differ in this respect from corner lots, or merchant ships or farms. When the California gold fever broke out in 1849, the owners of ships sailing to Panama, and thence to San Francisco, were said to earn the value of their ships in one voyage. The temporary price of any ship that could perform this service, and could not be immediately duplicated, would tend to rise to a price in which every dollar of its cost would bring six dollars. But this change would not differ from the tendency of sheep to rise to a price threefold their cost to produce, when the American Civil War sent raw cotton up to fivefold its former price. So, when a corner lot presents a location, whereon a building costing \$100,000 to erect will rent for \$30,000 per annum, the value of the lot must rise to \$200,000. This is simply because real estate has got to have that principal value on which its earnings will pay 10 per cent. If the cost of the necessary building will only absorb about \$100,000 of this value, the remainder must attach to the lot, because it conditions the building, and through the building the \$30,000 of annual rents. The so-called value of both lot and building is really regulated by the rates of earnings, and means that \$300,000, invested at current rates, nets the same return as \$100,000 invested in erecting a building on that lot for rental at competitive values. The \$300,000 is, therefore, no subtraction or filching from the earnings of that general public which never owned the land. It is simply "arithmetical wind," or, in effect, a "watered stock," arrived at by capitalizing the annual rent of \$30,000 so as to make it the assumed consequence of an expenditure of

\$300,000, when, in fact, it is the father and author of that valuation. Stock watering, therefore, is going on in corner lots, in all lands and in all social opportunities in which increased earnings, whether annual or daily, become the cause of increased principal values.

The work of issuing specious and deceptive arguments, which attribute growth in wealth to any other causes than substantial services rendered to industry, is a form of incendiarism very much like the efforts of the fire-bugs who set fire to buildings in order to stimulate owners to insure. Articles like Mr. Parsons', adapted only to propagate a form of social lunacy among the gullible, should quicken the intelligent classes to spread true and sound economics.

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### German Socialism of To-day.

The Socialistic party, as a political organization, originated under the ministry of Bismarck. It really dates from 1863, when Ferdinand Lassalle founded "the General Union of German Workers." Social Democrats are believers in an ideal social state, and the principles they inculcate to reach this end differentiate them sharply from all other political parties, and especially all political factions known under the common name of *bourgeois* parties. At the conference of the party held in 1891, when serious divergencies of opinion appeared, a programme was drawn up which commanded the approval of a majority of delegates present. The dissentients, comprising mostly younger members, were quite strong, and they denounced the programme as a compromise with capital and with the anarchist, which is still further to the left. They do not desire representation in the Reichstag, because they are as much opposed to parliamentary government as they are to *bourgeois* ideas and government in general.

The great mass of Social Democrats are recruited from the large towns and industrial centers. In rural districts their strength is small. In Berlin, five of the six representatives in the Reichstag are leaders of the Social Democratic party. Here is another index as to the strength of the latter. In 1893, forty-four Social Democrats were returned, an increase of ten over their previous delegation. Their poll showed an

increase of 300,000 on that of 1890, which amounted then to a total of 1,734,000. It would seem that where Social Democrats are elected, they have behind them enormous majorities. The Social Democrats' forty-four representatives received as many votes as the 108 Conservative representatives. The programme drawn up in 1891 at Erfurt remains substantially the platform of the party still, and reveals the doctrine for which a fierce battle is now being waged all over Germany. These are some of them. It affirms that the economical development of *bourgeois* capitalist society involves the decay and ultimate destruction of the smaller industries. It also separates the worker from his means of production, and makes him practically a member of a possessionless proletariat. Further, the development of machinery and the application of implements of labor have enormously increased the productivity of the latter. It then claims that all advantages from this increase are monopolized by the capitalists, and this portends increasing insecurity of existence, an augmenting condition of misery, oppression and debasement.

There is no error in economics so fatal to sound thinking as the notion that the advantages of capital can be monopolized or absorbed by the capitalist. Nothing is capital which is not wealth employed in producing wealth. Wealth can only be employed in producing wealth when it is used in paying wages of labor, in buying stocks of raw materials, plants and implements for labor to work with and upon, in making loans of money to be used in employing labor in production, in transporting, transforming or transferring either the products of labor or the conditions under which labor can work, all of which is done by labor, for labor, and is a form of labor. So far as wealth is used, not as capital but in ostentatious living, it is merely an employment of labor itself to disperse wealth among laborers, which is the very use of wealth, which Socialists regard as most humane and beneficial, since dispersion is the opposite of accumulation. Descending from abstract reasoning to concrete example, the vast rise in wages, from 18 and 25 cents a day to \$3 and \$4 a day for skilled journeymen, which has marked the nineteenth century is part of that "present order of things" due to capitalist aids, which Socialism denounces. While the psychic or intellectual force which has fought for each

specific rise in rates of wages in detail has been the unions of organized laborers, animated by the social stimulus of larger personal freedom and broader political rights, a more liberal education and a better standard of life, yet the economic conditions which have rendered continual concessions of these higher wages possible by the employing classes, have been the larger capitals, and especially the larger use of machinery in manufactures, agriculture and transportation. These it is which have raised wages sixteen-fold in machine-using countries, leaving them the same in hand labor countries.

The following is a *résumé* of the legislative proposals which are brought forward periodically in the Reichstag, only to be laughed at or rejected by overwhelming majorities.

1. Equal electoral and suffrage rights for all Germans over twenty years, without distinction of sex. Introduction of the proportional electoral system. Elections to be held on a Sunday or general holiday. Payment of elected representatives.
2. Self-government of the people in Empire, State, province and parish.
3. Decisions as to peace and war to proceed from the elected representatives of the people. Institution of an international Court of Arbitration.
4. Abolition of all laws which limit the free meeting of the people and the free expression of their opinion.
5. Abolition of laws which give public means to ecclesiastical or religious purposes. Ecclesiastical bodies are to be regarded as private communities.
6. Secularization of the schools. Obligatory attendance at primary school. Free instruction at all public educational establishments.
7. Abolition of a standing army.
8. Free legal advice. Judges to be elected by the people.
9. Free medical advice.
10. Graduated income taxes. Abolition of indirect taxation.

Such are the principles and programme of the Social Democrats of Germany, and they are finding their way into England and this country by a propagandism which is more active than it is able. But as it is to the least intelligent that appeal is made, and to those who, discontented and unthrifty, put the blame on the present social order, it is an appeal of no inconsiderable force. The German Socialists of the type under discussion have all the pride of their race, and claim that their views are scientific, and that all economists opposing their vagaries are intellectually inferior—mere apologists, in fact, of

the social system they desire to overthrow. Yet this may be said on no less authority than Prof. H. Sidgwick, of Cambridge University, "that no positive contribution of importance has been made to economic science by any Socialist writer throughout the century. The lessons of socialism to economic science have been mainly in the way of criticism, partly direct and purposed, and partly indirect and unintentional. By drawing extravagant inferences from accepted economic premises, it has suggested shortcomings in these premises, by an undesigned *reductio ad absurdum*."

In fact, there is nothing new in later German Socialism; the older views have simply gained in precision and coherence. Owen really had the seed thoughts which more recent writers have expanded and emphasized. Socialistic experiments have been for the most part such palpable failures, that now the tendency is to discourage all voluntary essays, and to insist upon state action as the only hope of realizing their programme. As yet no Socialistic ventures, like that at Rochdale, or of artisans' co-operative stores, have demonstrated the great capitalist or great employer to be superfluous. The German Socialism has no field in this country, for here no such condition exists as necessarily rouses the class antagonisms prevalent on the continent. Those who talk and teach it here, belong to a school of hortatory declaimers, who make no pretense to scientific standing, but whose capital in trade is the discontent or distress for which our industrial order is not responsible. The workingman is apt to express, not his own ideas, but what he has caught up from others, and often he is found repeating what there is no forthcoming evidence to substantiate. In the United States, as well as in England, real wages rose some 20 per cent. between 1860 and the maximum period of 1871-4. Money wages rose 50 per cent. in this country and between 30 and 40 per cent. in the United Kingdom in the same period. In both countries real wages were higher in 1891 than in 1873. Since the present industrial order came in, there has been an increase of permanency of income and employment, and this must be the result of capital in private hands. Moreover, the evolutionary development has been towards private ownership of tools and implements—in a word, capital. It would be far better for our workingmen to study the situation which exists here and to take less

to the theories of Socialists abroad. Their hope is in organization and in such advance in wages which, by wise action and united effort, they can secure for themselves. Most of the particulars in the Social Democrats' programme are already features of our government system, but when it comes to an indiscriminate warfare on capital and the abolition of private ownership of the implements of labor, all thoughtful workingmen will pause. Municipal workshops would not give more employment, since what is wanted is an augmented consumption, a larger demand for the products of industry. That will come with an improved social scale of living on the part of the masses, with higher wages and with extended markets.

Our readers may gather from this exhibit of the programme of the Social Democrats the state of feeling in the German empire, and if there is to be any enlarged Socialistic experimentation by the government, then let Germany lead the way, for here and in England the evolution is in another direction.

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### Leading Events of the Month.

#### REVENUE AND FINANCE.

Senator Morrill, Chairman of the Committee on Finance, formally abandoned the Dingley Revenue Bill on February 25th, after a second failure to get it before the Senate. By this final vote the free trade and free silver forces, the latter including Republican Senators Teller, Mantle, Carter, Dubois and Cannon, made it apparent that no relief for the treasury can be secured during the present session. The net deficit on June 30, 1895, for the three years previous aggregated \$120,651,351, while accounts for the present fiscal year to date are behind nearly \$22,000,000, with no prospect of improvement. Under these conditions, and with the reissuance of greenbacks in payment of current balances, it cannot be long before the new gold reserve, now about \$127,000,000, will begin to go the way of its predecessors. Thus, as between a revenue measure and the possibility of another gold-bond sale, the silver senators, it appears, have chosen for the latter.

Meanwhile, it is interesting to note that foreign capital for investment in this country would be very easily obtainable at the present time but for the prolonged uncertainty regarding

the ultimate place of silver in our circulation. London financial reports indicate high prices for all good securities, and a general interest rate of not over 2 1-2 per cent.

The failure of the Dingley Bill also results in renewed depression in the woolen trades. In the New England states, particularly, numerous shut-downs and short-time orders are reported. From Philadelphia, in one day (March 18), are reported the failure of the Angora Mills, woolen manufacturers, turning out of employment 400 operators; James Long Brothers & Co., manufacturers of dress goods, and Rhoades Builders, all due to distress of trade. Meanwhile, as the *Outlook* says: "The woolen trade in Great Britain was prosperous in 1895 \* \* \* chiefly due to the great purchases from this country. Our orders have been large in every branch of the woolen trade, both for the raw material and the manufactured article;" and according to customs reports the largest percentage of gain was in our orders for shoddy.

#### STRIKES AND LOCKOUTS.

The fact that the garment-working trades contribute a larger quota to the annual supply of strikes than any other one industry in the country, is internal evidence by itself of the rottenness of the whole "sweatshop" and contract labor system. During the last month strikes against low rates and long hours, for recognition of unions, and so on, have been in progress among the clothing cutters of Chicago and Cincinnati, the pants makers of New York and Brooklyn, and the United Garment-Workers of Baltimore and elsewhere. In Germany over 30,000 members of the men's clothing trade were on strike during February, and are reported to have secured a 12 1-2 per cent. advance in wages. There have also been strikes going on among the lithographic artists of New York, Boston, Chicago and St. Louis, principally for recognition of unions and against piece-work. Most of them have been settled by mutual concessions.

#### LABOR ORGANIZATIONS.

In line with the above comes Commissioner Dowling's annual report of the New York Bureau of Labor Statistics. During the year ending June 30 last, sixty-seven new labor organizations were formed, with 7,618 members; the old organizations

gained 15,416, and with the estimated increase since July 1st, and unions not reported, the total organized force is now put at about 225,000 in the state. Over 50,000 union men, working in seventy-six branches of trade, are enjoying the eight-hour system. Especially noticeable is the fact that in spite of the discharges and wage reductions of the last three years, the proportion of employed members, in these organizations, has increased. On July 1, 1894, seventy-five per cent. of union members were at work, and one year later eighty per cent. Women's organizations gained in numbers about one-third during the same period. These figures show a gratifying progress in the trades-union movement, both as to membership and actual results gained.

#### SQUIRE FORTIFICATIONS BILL.

A bill appropriating \$10,000,000 for coast defenses, on a plan contemplating similar appropriations by seven successive sessions of Congress, has been reported by Senator Squire. It provides for more or less extensive work on the entire seaboard, including not only the more important points, Boston, New York, Philadelphia, Washington, New Orleans, San Francisco, and Portland, Ore., but numerous minor exposed harbors, and all the lake ports. The whole plan has met with more or less opposition, particularly in New York, where a so-called "workingmen's" mass meeting in Cooper Union made formal protest against expending a cent for this purpose. Undoubtedly there have been, in recent political events in this country, tendencies which might develop into radical militarism, and it is quite possible that such an immense expenditure as the Squire bill proposes would be unwise and unnecessary. But the absolute defenselessness of all our important seaports, New York particularly, is a matter that ought not, in sound public policy, to be perpetually neglected. Not that this country is planning to assume any aggressive foreign policy, as the European press seem to think, but recent events have all gone to indicate the growing anxiety of the Old World countries to colonize their surplus population under their own flags, wherever they can obtain a foothold; and, from now on, complications involving the whole attitude of the United States toward the future of democratic institutions on this continent are liable at any time to

arise. We ought to be in a position to assert the American doctrine not only with firmness but with confidence, and that cannot be while risks so enormous continue unprotected. The plea of some of the Cooper Union speakers that this is only another scheme to put power in the hands of capital in its mythical "war" with labor, was wholly discreditable. The idea that the proposed new forts in the Narrows, for instance, could be used for bombarding bodies of New York strikers, is novel, to say the least.

#### CUBA.

The Cuban situation within the last few weeks has become seriously complicated. Both Houses of Congress have, by practically unanimous votes, passed resolutions favoring a recognition of the belligerency of the insurgents. The House resolution, adopted March 2, and which is now being considered by the Senate, declares that in the opinion of Congress war exists in Cuba; that the only permanent solution of the difficulty is an independent government on that island; and that from our near relations with Cuba, American interests are suffering and should be protected, by intervention if necessary. This last clause may be withdrawn before final adoption.

On Sunday, March 1, rioting and anti-American demonstrations, principally led by university students, broke out in Madrid and Barcelona, and continued for several days in the more prominent cities all over Spain. Our consulates at Barcelona and Bilboa have been stoned, and the residence of Minister Taylor threatened. The Spanish Minister of State made prompt apology for the outrages, and a few days later the government temporarily closed several of the more important universities. Aside from the merits of the case, such a manifestation of national fire in a decaying and bankrupt kingdom is calculated to awaken more admiration than censure, even in the United States. But the thoroughly mediæval character of Spanish ideas is well exhibited by the *Imparcial* (Madrid) in its remark: "We conquered Napoleon by guerilla warfare, and we shall employ a system of privateers to overcome a trading nation." Guerilla warfare, by the way, when carried on in Cuba is the particular style of fighting which Spain insists shall not be recognized as warfare at all.

The comments of the French and English press on the crisis have been decidedly pro-Spanish; those of the German press a little milder. The *Paris Journal* says that "Europe one day will have to unite against this method of applying the Monroe Doctrine;" the *St. James Gazette* speaks of our "unlimited policy of aggression," and the *Westminster Gazette* discovers that our "mad action" is "destroying respect abroad." It is nothing unusual for England, the prince of "land grabbers" to regard any copying of her own policy by other powers as madness and aggression. At the present moment Her Majesty's Government is engaged in appropriating a new slice of Siam; squeezing the savage king of Ashantee; interfering in the internal affairs of the Transvaal republic, and last of all, ordering a new Egyptian expedition, ostensibly in moral support of the Italians recently defeated at Adowa in Abyssinia—all "in the cause of civilization," as usual—while neither in the Venezuelan nor Cuban imbroglios has there been any intimation of a desire on the part of this country to acquire new territory. What the foreign press comments particularly reveal is a complete failure to comprehend our position in the matter. Annexation is exactly the proposition which has *not* entered into the present discussion. The absorption of non-homogeneous races never has and should not become a part of our national policy. It is not even certain that Cuba is capable as yet of successfully carrying on an independent government, though if the future supremacy of Spain is to be maintained on the Weyler plan, almost any experiment would be a preferable alternative. One of Weyler's orders, for instance, prescribes death or imprisonment for any Spanish subject who speaks well of the insurgents or discredits the prestige of Spain; another prohibits rural storekeepers from selling provisions to women or children, and another confiscates the property of all insurgents who fail to surrender within fifteen days.

Sooner or later, of course, the anomaly of Spanish rule in a democratic hemisphere must come to an end. But our present attitude regarding belligerancy is taken solely in the interests of humanity, and to forestall any new "reign of terror" such as Spain maintained in Cuba from 1868-78, without interference from the United States.

## TRANSVAAL.

The British Government has exonerated Mr. Cecil Rhodes, but takes the precaution of appointing Earl Gray to act with him hereafter in administering the affairs of the British South Africa Company. The trial of Dr. Jameson and his men is proceeding in London, simultaneously with that of the rebellious Uitlanders in Pretoria, nothing definite having yet been determined in either case. President Kruger naturally refused to entertain Mr. Chamberlain's proposition for internal reforms, and now it is reported that the British Government has offered to relinquish the suzerainty secured to it by the Convention of 1884, if the Boers will redress the grievances of the Uitlanders and enfranchise British subjects living in the Transvaal. It may be that the various South African States will eventually drift into a sort of confederation under British control, but so long as the Transvaal remains independent it is difficult to see how its President can consistently grant the franchise to alien residents. They have the full privilege of money making in the Rand gold fields, and are justly subject to taxation in consequence. But as they are largely in the majority, to grant them the suffrage would be to at once convert the republic into a British province. It is not creditable that Mr. Chamberlain should make a proposition to the Boer Government which he would not think of suggesting to any larger power.

## VENEZUELA.

The long expected presentation of the British side of this controversy made its appearance in the shape of a Blue Book issued March 6th. It is curious to note that the whole case has been practically submitted to arbitration in an unofficial sense, by all the powers concerned, for two months past. The investigations and researches made independently by each party will form, when completed, a mass of important evidence on both sides, which ought to make apparent to Lord Salisbury what at first he could not see, that this is as plain a case for arbitration as ever existed.

Sir Frederick Pollock's presentation is undoubtedly very strong as regards the general probabilities of right, though some of his English critics assert that important points have been slurred and quotations from the records garbled and miscon-

strued. Briefly, the best established points seem to be that prior to the treaty of Munster (1648), the Dutch had established themselves at various points between the Essequibo and Orinoco, while the Spaniards had but one settlement south of the latter river, that at San Thome de Guayana; that the Munster treaty confirmed both Spain and Holland in the territory already held by them in South America; that under the additional privileges granted by this treaty the Dutch went on and located far up the basin of the Cuyuni River, a northern branch of the Essequibo; that by the treaty of 1814 the English succeeded to all the Dutch possessions in Guiana; and that the claim of Venezuela to the Essequibo boundary, first made in 1844, was based chiefly on the original Spanish right of discovery, which if valid now, would apply equally to the whole continent.

Altogether, as the *London News* says, the stronger the British case the less reason Lord Salisbury can urge against unconditional arbitration; and there is reason to think from the latest received reports that some agreement to that effect may soon be reached.

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### Social and Industrial Statistics.

BY HON. CARROLL D. WRIGHT.\*

Death rates and statistics of crime form an important and interesting branch of the subject we are considering. This is a class of facts, however, peculiarly liable to misrepresentation, and in studying them we must always look beneath the surface and not draw conclusions from the bare figures alone. For instance, the death rate of a city will be increased by the mortuary records of its hospitals, which include large numbers of patients brought in for treatment from outside localities. Of course, that portion of the death rate indicates nothing as to the health conditions of the city. Statistics of arrests made in the large centers also will cover not only local offenses but all those criminals from country districts who have fled to the city in the hope of concealment and been apprehended there. Such cases

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\*Synopsis of Lectures III., IV. and V. before the School of Social Economics.

demonstrate the efficiency of the city's police, nothing else. Nor should the fact be overlooked that criminal statistics are growing more and more complete and detailed ; the work of courts is becoming more efficient, and legislatures are adding new classes of offenses to the penal code ; all of which will show apparent increases in crime where an actual decrease may have taken place. Thus, a few years ago a certain writer made comparisons between a Northern and a Southern state to show that the public school system of the former was a nursery of crime. The facts were that the Northern state recognized and dealt with, as crimes, some fifty offenses which in the Southern state went unpunished, while certain other crimes were punishable in the Northern state by imprisonment and in the South by fine only. No comparison is admissible in such a case without first reducing the terms to a common basis.

We hear a great deal about the growing proportion of the unemployed in the community. A comparison between 1870 and 1890 shows that in the former year 32 out of every 100 of population were engaged in some gainful occupation (including both wage workers and employers), while in 1890 the ratio was 36 to the hundred, a very considerable gain. Moreover, the largest percentages of increase were in manufacturing, transportation, trade and professional pursuits, while agriculture, fisheries and mining, compared with total population, show a relative decrease, thus upsetting the parallel claim that the substratum of society is increasing at the expense of the higher and more civilizing occupations.

The decadence of profitable agriculture, the absorption of the small farms and homesteads by land sharks, and the increasing burden of mortgages, are some other themes that are often sung. The facts are that the 1,500,000 farms in the United States in 1850 had increased in 1890 to 4,500,000 ; their value had risen from \$3,270,000,000 to \$13,280,000,000 ; value of implements and machinery from \$151,500,000 to nearly \$500,000,000 ; and the average size of farms had steadily fallen from 203 to 137 acres. Statistics of mortgages, collected for the first time in 1890, show that fully 95 per cent. may be classed as the result of prosperous conditions. Thus 59 per cent. were given for the original purchase money, purely business investments ; 13 per cent. for improvements of real estate

new buildings and machinery, etc.; 18 per cent. for various extensions of operations, 5 per cent. to raise money to go into business, and so on. Only a few per cent. can be said to indicate adversity in any actual sense, and out of this number very many were due to family misfortunes, losses by fire, etc., not chargeable to the business conditions of the country.

It is interesting to notice that the per capita circulation in the United States, \$25.50, is probably the largest of any country in the world with the exception of France, where it is over \$50. Our per capita wealth is \$1000; per capita public debt \$32.37, and private debt (estimated) \$291. In statistics of private debt it should always be remembered that more or less duplication of mutually offsetting accounts is inevitable, and almost any statement on the subject will show a larger net indebtedness than actually exists. This difficulty is illustrated by an imaginary case in which, for instance, A owes B \$10; B owes C \$10, and C owes A \$10. Any statistical record would show the indebtedness of these three men as \$30, while strictly speaking no net obligation exists between them at all.

The remarkable development of the manufacturing industries of our country makes that branch of statistical research one of great interest. From well-known reasons our population has, of course, increased much faster than that of Great Britain, but our manufactures have gone ahead at an even more rapid rate. Thus, in 1860, the total value of the manufactured products of the United Kingdom was about 2,885 billion dollars, as compared with 1,885 billions in the United States. The product of Great Britain in 1888 was valued at 4,100 billion dollars, while that of the United States in 1890 had risen to the immense sum of 9,372 billions. The total number of employés in the manufactures of this country increased from 731,137 in 1850 to 3,745,123 in 1890, while the wages paid them rose from 236 $\frac{3}{4}$  million dollars to 2 $\frac{1}{4}$  billions. During the same period our total invested capital increased from over 535 million to 6 $\frac{1}{2}$  billion dollars, but the value of product per dollar of capital invested fell from \$1.91 to \$1.64. Here we have the evidence, in spite of frequent assertions to the contrary, that the per capita income of the workingmen has steadily increased, while the per dollar return to capital has fallen off. Of course the aggregate return to capital has

largely increased, even at this lower rate, because of the vast growth in quantity produced, but larger investments are now required to give the same value of product. It should not be concluded, however, that the efficiency of capital is diminishing. On the contrary, the community now gets a much greater *quantity* of wealth per dollar of capital invested than ever before, and the apparent decrease is due solely to the fall in prices. Thus in both these directions the laboring class has shared in the gains resulting from our modern evolution of industry.

Neither are we going to the dogs in respect to the child labor evil, concerning which much alarm has very properly been felt. The number of children employed in the manufactures reached about 180,000 in 1880, but since then it has decreased until in 1890 there were but 120,885 so employed. And this has occurred notwithstanding the steady increase in the number of manufacturing establishments throughout the country.

The principal difficulty in collecting statistics of manufactures lies in the reticence of the producers themselves. Most of them are only willing to give a part of the facts relating to their establishments, and the result is an injustice both to the government and to themselves. For instance, it is very common for manufacturers to report as small a capital as possible and as large a product. The consequence is that these producers can very readily be charged with making immense profits, whether such is actually the case or not.

The chief trouble in this respect has arisen from the unwillingness of manufacturers to return the amount of their borrowed capital. Manifestly every dollar of credit capital is just as essential to secure a given product as that of capital owned; and so far as its relation to production is concerned it makes no difference where the capital actually in use has come from. Much of the bitterness in the labor problem is chargeable to the misunderstanding to which this vicious fallacy in the statistics has given rise. In the Massachusetts census of 1885 the manufacturers were more generally made to understand the importance to themselves of rendering complete returns, and the result was that out of the \$500,000,000 invested in manufactures in that state, \$93,000,000, or 18½ per cent., proved to be credit capital. In the United States census of 1890 an attempt wa

made to secure the credit capital of the whole country, but the method employed, that of ascertaining the sums paid in interest and computing the capital from that, at average rates, proved very faulty. The returns showed but 12-63-100 per cent. of borrowed capital, but in reality the proportion is probably much larger than the 18½ per cent. of Massachusetts; since the latter is one of the oldest and wealthiest States, with a much greater element of owned capital than would be found in any of the newly-developed sections of the country.

On the other hand, the manufacturer adds to the confusion regarding the profits of his business by including interest on both his borrowed and owned capital as a part of his cost of production. This, I insist, he should not do, as interest is a part of surplus, not of cost. The only cost properly chargeable to invested capital is that of maintenance and repairs. It is only because its use will create a surplus (out of which interest may be paid) that capital is employed in production at all.

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## The Inadequacy of Great Parties.

BY WILLIAM B. CHISHOLM.

According to Mr. Frank L. McVey, in the columns of this magazine: "Every problem whose decision is of vital importance to a government admits of but one of two answers—either it is or it is not expedient. This division of opposition and support is the natural basis of parties." This is practical politics, and I do not understand Mr. McVey as sustaining this state of things so much as merely emphasizing its actuality. His theory of the unification of parties and the solidarity of their opposition to each other is eminently practical and suits the average politician. But the question is whether we have not arrived at a stage when our politics must become more theoretical—when we must trust politics less to the men who say that they can run it and more to the men who are not at all sure that they can; when we must pay more attention to the thoughtful minorities and to the possible combinations in politics and less to the *ipse dixit* of this or that political machine which hires brass bands in October and enriches itself from year to year with all the official pap which it can command.

The American nation are in no danger of growing unpractical or visionary. They go, as does Mr. McVey in this special thesis which I have noticed, for the most obvious, for the quickest, answer to a question—for that which gives them something definite to lay hold of. The American is not half as sinuous as the modern English or ancient Greek; it is rather Roman in its objective and practical outlook. If you tell the average hurried man of business that there can be but two parties in a country after all, he is very apt to coincide with you, because more than two parties would seem to complicate things and make too much political litter.

If we regard the official time and trouble which nominations involve—in New York State, for instance—the hiring of bands and not infrequently of speakers, the printing of all sorts of campaign literature and the campaign expenses generally—I will freely admit that two parties are a company and three would be a crowd. Viewed in this light, I do not particularly object to Mr. McVey's rather cavalier-like dismissal of the Populist party, though I have not yet, for one, been able to discover that they are so moribund. What I do maintain is that there is more than one great issue always up in the councils of every party; Mr. McVey seems to think that there must be some special one to overshadow the others. But how is it now? Silver has come to stay as well as the tariff, and although it has always seemed to me that protection and a gold standard on general principles are allied, still there are strong Protectionists in the West who are equally fervid for silver, and there are many Free Traders who are by no means in favor of free coinage. And when you complicate the issue with the policy of jingoism versus diplomacy; with the A. P. A. versus the parochial school, with even the antipodal stand of Messrs. Barrett of Massachusetts and Talbert of South Carolina, as regards sentiment and reminiscence—you have a vast deal inside either the Democratic or Republican party to generate dissension. The party is not a unit. This is shown easily enough in the difficulty of selecting available Presidential candidates even among the most eminent men in the ranks. The centrifugal tendency of party elements is shown in so many ways, so constantly and sometimes with manifestations of such extreme bitterness, that we can but admit that a unification of party policy

on any one set of lines involves an amount of self-repression and self-surrender which must keep the tension at all times critical. Men are naturally divided into partisans and independents. A great many men vote for certain nominees without having gone near a caucus or without taking much, if any, interest in the pre-campaign manœuvres, simply because such men or such a policy most nearly meet their approval; and a good many men vote—from prejudice if not out of spite. What could induce either Mr. Barrett to vote the Democratic ticket or Mr. Talbert to vote the Republican? It is very evident to all that such extremists vote on sectional issues now, or would vote on them if they had no special prepossession in favor of protection or free trade. I did not intend to lay any emphasis upon the sectional question, because we are all one country; and if we were threatened, Republicans and Democrats would be shoulder to shoulder in defense of the common flag and the harmonious whole. But if one wants to look into the human heart and see motives without any palliation or disguise he will be compelled to admit that there are in this year of grace, 1896, some Democrats who would vote the Democratic ticket even if it should become the party of high protection and a gold standard; and there are some Republicans who would swallow free trade itself and unlimited coinage of silver because they love the name Republican and would not give it up. These are your Simon Pure sentimentalists in politics, but, after all, is not politics more largely a matter of sentiment than most people like to concede?

The practical inference which I would draw from this rather mild dissent, from Mr. McVey's very clear and able presentment of his view, is this, that the powers of cliques and independent organizations, under competent leadership, is very great, and that we shall have to watch them more and more in Congress and elsewhere. Look how much power the Populists have already wielded in Congress. Look at the importance of the Irish vote in Parliament. I am very glad for one that the South does not vote solidly as of yore, simply because Americans should be homogeneous, as such; and there should be plenty of Northern Democrats and Southern Republicans, in order to give the people of both sections a fuller confidence in each other as regards the final healing of those old war cic-.

trices. I shall, in fact, for the immediate purposes of this discussion, lay Mr. Barret and Mr. Talbert on one side—on a dusty shelf, if you please—and let them nurse each his pet grievance. I am considering the power of minorities and independent cliques entirely or largely without reference to section. I do not believe party unification can be kept up beyond a certain point, for beyond that point it invariably leads to bossism and machinism. We want to hear all sorts and conditions, and to give every shade and hue of political divergence from the platform standard its just consideration. The centrifugal will still be balanced by the centripetal. But remembering the advantage which the recognized leader always has in shaping party policies, let us not be too timid about abridging his powers every now and then. We want the voice of the whole people, and the expression of individual representatives. I believe that the era of shades and cliques in politics has come to stay.

### Editorial Crucible.

THE ACTION of Congress recommending the President to extend the rights of belligerents to the Cuban revolutionists created consternation in Spain and alarm throughout Europe. From the comments of the European press, one would think that all Europe felt in immediate danger of molestation by the United States. It is a little peculiar that no such alarm was felt in 1861, when Spain, in less than two months after the first shot was fired upon Fort Sumter, hastened to recognize the belligerency of the South. Moreover, there is a great difference in the two cases. The rebellion in this country was to overthrow the republic for the sake of perpetuating the most degraded form of labor (chattel slavery). In Cuba, the rebellion is to obtain political freedom for Cubans. Spain was on the side of slavery and barbarism and against freedom in both cases. Spain's historic opposition to freedom, and her habitual use of brutal methods, conclusively demonstrate her unfitness to control the destinies of any people, outside her own, and particularly any people on the American continent.

This pretense about unfriendliness and the calling on Europe for co-operation is but the cowardly whining of an effete and decaying monarchy, whose very existence is a menace to freedom and advancing civilization. And the prattling of the European press about American interference only shows how envious and jealous Old World monarchies are of the advancing power and prestige of the United States.

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By its VOTE on the House Revenue Bill, the Senate has decided that the United States Government shall continue to pay its bills by borrowing, unless it will grant the demand of Silverites and the Populists for the unlimited coinage of silver at the ratio of 16 to 1. Of course, this scandalous result is not accomplished by the free silver men alone, but by the Democrats with their aid. They are doing this in the pretended interest of bimetallism.

Because Senator Aldrich (R. I.) admitted that he would not vote for the Dingley Bill or even for the McKinley Tariff Law with a free coinage of silver amendment, except by inter-

national agreement, Senator Allen (Neb.) openly charged him with having "lied on the question \* \* \*; for three years, you have stated in this chamber and undertaken to make the people believe that *you were a bimetallist.*" As if free silver was bimetallism.

It is surprising that such blustering audacity can pass for bimetallism, when there is no bimetallism in it. Senators Allen, Stewart, Peffer and the rest are not bimetallists at all. They are blocking the fiscal machinery of the United States, compelling the government to borrow money to pay its current expenses, in order to bully the Senate into passing a bill for silver monometallism. And yet they are permitted to thus parade as bimetallists without exposure or rebuke.

Mr. Teller was very indignant at what he called Senator Morrill's attempt to read the free silver people out of the Republican party. If the Republican party is a bimetallist party, they should be read out of it because they are not bimetallists. They are monometallists and should be so treated. Whatever their views may be on any other subject, they have not place in a party that honestly stands for bimetallism.

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THE OBLIGATIONS of Great Britain to protect the Armenians, or to compel the Porte to protect them, arise out of the fact that England has had the island of Cyprus ceded to her in advance, expressly as a compensation for any costs she might incur in extending the required protection. The other powers of Europe were induced to leave Turkey in England's hands, upon condition that she guaranteed to them the fulfillment of Turkey's obligation, and the agreement thus to guarantee the promised security of the Armenians was made the basis on which England's effort to "convert the Mediterranean into an English lake" was strengthened by a cession of the Island of Cyprus. Article 61 of the treaty of Berlin reads thus:

"The Sublime Porte engages to realize without delay those ameliorations and reforms which local needs require in the provinces inhabited by the Armenians, and guarantee their security against the Circassians and Kurds. It undertakes to make known from time to time the measures taken with this object to the powers, who will watch over their application."

The English government also made a separate treaty, which contains the following clause:

"In return his Imperial Majesty, the Sultan, promises to England to introduce necessary reforms, to be agreed upon later between the two powers, into the government, and for the protection of the Christian and other subjects of the Porte in these territories (*i. e.*, Turkey in Asia), and in order to enable England to make necessary provision for executing her engagement his Imperial Majesty, the Sultan, further consents to assign the Island of Cyprus to be occupied and administered by England.

"Done at Constantinople, June 4, 1878."

It is impossible to reconcile the conduct of England in the Armenian business with any standard whatever of honor or rectitude. She has obtained her fee from the great criminal, Turkey, upon an express promise to enforce his good conduct, and on this stipulation has virtually become both the counsel for the defence and bail for the good behavior of the prisoner. The prisoner gains his liberty by being delivered into England's hands upon England's stipulation for his good behavior. He then makes use of this boon to slaughter 50,000 of the men, women and children whom England has been paid a fee to protect from this same slaughter. When England is asked to fulfill her promise, she replies that Turkey "must have time to mature the promised reforms." No wonder Gladstone yearns to be returned again to Parliament in order that at least one voice may rebuke such perfidy and national dishonor.

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THE PASSAGE OF the Raines Bill introduces a radical change in the excise policy of the state of New York. It substitutes for the country, town and city boards of excise a state commissioner, to be appointed by the Governor and the Senate, the commissioner to appoint deputy commissioners in each county, subject to his orders. This centralizes the taxing of liquors into a state function. The division is then drawn between the tax on sales of liquor in quantities less than five gallons, to be drunk on the premises where it is sold, and sales of liquor not to be so drunk. Upon persons conducting the former the annual tax is \$800, in cities of 150,000 population or more; upon those in cities having fewer, and more than 500,000, \$650; upon those in

cities above 50,000, \$500; above 10,000, \$350; above 5,000, \$300; above 1,200, \$200; elsewhere, \$100.

The tax on persons selling in quantities less than five gallons, not to be drunk on the premises where sold, will be \$500 on cities of the highest class (New York), grading down, in like manner as above, through \$400, \$300, \$200, \$100, \$75 and \$50. The tax on licensed druggists, selling only on recorded prescriptions signed by a physician, and once only on each prescription, is graded in like manner at \$100, \$75, \$50, \$30, \$20, \$15 and \$10. No liquor is to be sold on Sunday, and no screens are to obstruct the view of the interior of saloons at hours when liquors are not to be sold. Those who sell liquor to be drunk on the premises must not sell on credit, and all credits for liquors so sold are void. An absurd notion has got abroad in New York City that this vitiates mortgages taken by brewers on the fixtures of saloons, but this is wholly an error.

A local option clause authorizes each town by vote to forbid the sale of liquors in either or all of these modes within that town, in which case no tax certificates shall be issued within that town.

*Harper's Weekly* opposes the law furiously on the ground that it effects a concentration of political power in State officials. The *Evening Post* thinks it would work well if Civil Service were applied to the officials who administer it. Tammany Hall regards it as adding to the political capital of that institution. Thomas C. Platt, in a very able and outspoken argument, over his signature, predicts that it will succeed in a social and party point of view. The mayors of at least half a dozen cities oppose it.

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THE SIGNS OF the times, as indicated in the nomination of delegates to the St. Louis convention, are that protection will again be the dominant issue in the national campaign. It is to be hoped, whether Speaker Reed or ex-Governor McKinley receives the nomination, he will use his entire influence to have the party commit itself to a broader, a more distinctly economic interpretation of protection.

It is a great mistake to assume that protection is limited to import duties, and that the benefits of these are limited to the

industries they directly affect. Much of the best effects of protection upon national welfare comes indirectly. The benefit to farmers from protective duties on manufactures is indirect, and comes through the improved prosperity of the country and increased market for agricultural products. Laborers are benefited by protection to manufactures through the increased social opportunities that the growth of manufacture and commerce with urban population creates, and the consequent higher wage opportunities that this increase in diversified industries makes possible. On the other hand, the principle of protection should be extended to the wage class in certain other forms, as, for instance, in the shortening of the hours of labor, restriction of immigration, suppression of the sweating industries and the recognition of trades unions as a means of industrial negotiation. Employers are benefited indirectly by labor legislation through the increased consumption and enlarged markets resulting from the improved conditions of the laborers; in the same way farmers are benefited by the general prosperity created through the development of manufacture and commerce.

The thing to be taught and learned regarding protection is that in matters of tariff, the benefit comes directly through the manufacturer, and is indirectly beneficial to both farmers and laborers, and that in matters of domestic labor legislation, the benefits come directly to the laborers and indirectly to the employers and the public.

The protective platform must be broad enough to include both phases of protective legislation, or it cannot permanently receive the support of both classes. Mere narrow-gauge high tariff protection, which recognizes employers only, will be sure to inspire the opposition of a large portion of the most intelligent laborers and active farmers, and if it should succeed in carrying the Republicans back to power in 1896, it could not long hold them there. This is the year for giving the protective policy a broad, national economic basis.

### Economics in the Magazines.

BANKING. *Trade and Industry of South America.* By Emilio M. Amores, in *The Engineering Magazine* for February. This article shows that Mexico and Central and South America have a combined population of 57,365,308, or very nearly as great as that of the United States; their total foreign commerce foots up: Imports, \$557,504,462 and exports, \$722,364,251; total, \$1,279,868,713. This would be two-thirds as great as the foreign trade of the United States, if these figures are given on the gold basis. But as nothing is said about the basis, and most or all these countries are on the silver basis, we infer that this would reduce all these values by about one-half, which would make the total foreign trade of all these countries about a third that of the United States. Of the total import trade into all these countries the United States sends only \$99,814,558, or a little more than one-fifth, while of the total exports from these countries the United States takes \$207,384,623, or nearly one-third. No part of this superiority of Europe grows out of race affinities or language or tastes, since almost no part of it goes to Spain or Portugal, but all of it to England, France and Germany, with which these countries have less race affinity and unity of habits and tastes than with ourselves. The chief agency required to extend our trade with South America and Mexico is to expand our banking facilities so as to afford the traders of those countries as large and long credits as the greater banking facilities of Europe now afford them. This can not be done without the creation in the United States of at least one great banking institution, such as the two banks of the United States, founded, the first by Hamilton and the second by Dallas, Gallatin and Madison, once were. The Pan-American conference came to this conclusion and asked for a Pan-American international bank, and there is a bill now before Congress to incorporate such a bank. But a United States bank for the benefit, exclusively, of foreigners, to extend credits to merchants in Bolivia and Argentine, but not in Illinois, Montana and Texas, is a misconception on its face. What we need is a great national banking institution of at least \$100,000,000 capital, into which the Treasury and the whole banking system of the country shall be interlocked, as those of Great Britain,

France and Germany are interlocked in their respective national banks. But just at present our national genious for finance seems content to exploit itself through a Treasury which is endowed with all the dangerous and wild-cat functions of banking, viz: those of issuing irredeemable promises and coining unretirable debts, but which fears to invest this national "wild-cat bank" with any powers to put a few thousands of millions of dollars worth of banker's assets behind its worthless paper, lest perchance it may be found to be enjoying something of the security and profits of an actual bank. In the last analysis, therefore, our trade with South America hangs fire until the American people attain to a better knowledge of the means of giving more credits. The most painful feature of our case is that this lack oppresses our domestic commerce even more than our foreign.

CANAL. *The Nicaragua Canal an Impracticable Scheme.* By Joseph Nimmo, Jr., in *The Forum* for March. Mr. Nimmo's assault on this project is absolutely merciless. He thinks that the demand for the canal is constantly disappearing through the rapid extension of the railways crossing the continent in South, Central and North America, thirteen now in all; that not more than 1,625,000 tons of shipping would pass through it annually; that the tolls which would have to be charged on a 1,000-ton vessel in order to pay an interest on its \$135,000,000 of cost would be \$6,900 per trip through the canal, and that virtually all that it would connect would be "the doldrums," or calms, on the Atlantic side, through which no vessel could sail, with the uncommercial wastes of distance on the Pacific, which can produce no trade. To make it defensible would cost \$400,000,-000. Mr. Nimmo's brief is as solid and memorable as Daniel Webster's argument that no railroad train could run in cold weather, or stop within three miles of any particular town if it reached a high rate of speed, (twelve miles an hour being the rate then thought of) or pay expenses if it had to be laid on "solid mason work." The first projectors of the New York Elevated were sure that no locomotive could be used to draw the trains, as the vibrations produced by its weight would crumble the iron structures. *Hosea Biglow's* maxim, "Don't never prophesy unless ye know," is one for which Mr. Nimmo feels

profound contempt. And yet such unsparing criticisms are better than the wastes and swindles committed at Panama, and may help to save us from their like.

DISTRIBUTION. *Wealth Production and Consumption.* By Geo. B. Waldron, in *The Arena* for March. The writer estimates that under the census of 1890 it is shown that there are 20,115,106 persons employed in occupations directly productive of material wealth; that the total product of the country was \$13,640,931,866, which is \$678 per worker or \$217 per capita of population, or \$1,075 per family.

The distribution of this total national income or product he estimates to be as follows, viz.: For necessities (food, clothing, furniture, lighting, fuel and other), 44.72 per cent., or \$6,100,000,000; for luxuries, 26.27 per cent., or \$3,584,000,000; for expenditures in keeping up capital, *i. e.*, in maintaining old wealth, added wealth and for use of foreign capital, 27.25 per cent., or \$3,717,000,000; and for government expenditure 1.76 per cent., or \$240,000,000, which is by far too low for federal, state, city, etc. The writer shows that the working families are 12,063,479 in number and get in wages and profits \$9,136-128,873, or about two-thirds of the annual product of the wealth and industry of the country, for their own immediate consumption. The wealthy families are 626,673 in number and they get incomes amounting to \$4,054,892,933, out of which they pay in maintaining old wealth (*i. e.*, in repairs, interest, insurance, etc.) 2,436 millions; in adding to reproductive wealth, (*i. e.*, conditions of production and of employing labor, such as land, buildings, and machinery, etc.), 1,196 millions; in use of foreign capital, 85 millions—a total of 3,717 millions of dollars. A large share of the costs of keeping up old wealth have to be paid out of the incomes of the 626-673 wealthy families. If we deduct the whole of that cost from the incomes assigned to the wealthy families there would remain for each of them an income for expenditure on personal consumption of less than \$500 each family. This would of course be an error. Mr. Waldron has made, however, a commendable essay toward a correct analysis of wealth distribution. We think his exclusion of rent from the list of necessary wealth consumption, on the ground that what the tenant

expends in rent is a source of the landlord's income, and therefore is not a consumption of wealth, is fallacious. What he pays for food is in like manner a source of farmers' income, and what he pays for clothing is a source of manufactures' income. All expenses of one class are sources of the income of another.

**GOLD.** *Gold Mining in the Southern States.* By H. B. C. Nitze, in *The Engineering Magazine* for February. The entire gold mined in the Southern States from 1799 to 1894 amounted to \$45,227,712, of which \$25,289,420 was sent to the mint for coinage. The product in 1894, however, had fallen to the low figures, \$263,827. The period of largest production was in the forties, when it reached \$1,000,000 annually. The author believes that "workable bodies of ore exist, which may form the basis of profitable mining operations, and that indications point to a reasonable revival of gold mining in these states with increased production."

**GOLD EXPORTS.** *Why Gold Goes Abroad.* By A. C. Fisk, in *The New Science Review* for January. Mr. Fisk is a frisky man with his figures, and they will seem to the average mind romantic. In stating the total volume of money in the country in and out of the Treasury at \$2,420,434,781, he duplicates several sums, particularly the gold and silver deposited and the gold certificates and silver certificates issued in place of them. This is as if, in estimating the grain supply, we should add together the grain stored in bins, and the certificates that the grain is so stored, which are handled on the board as representative of the grain itself. But when Mr. Fisk comes to state the proportion of money not available for circulation at \$2,231,-228,451, he takes our breath away. He leaves only an "actual amount of currency in circulation" to be \$189,206,330, or a per capita circulation of \$2.70. He includes in this withdrawal from circulation the national bank reserves, \$452,103,214, and the reserves of banks other than national, as if he assumed that not only the banks depositing these reserves could not use them, but that the banks in which they are deposited cannot. Would the New York and other reserve banks pay one or two per cent. on these reserves if they were "not available for circulation?" Would they have declined to honor, during the panic, the

checks drawn for them by the country banks, if they had not already loaned them out to their customers? If Mr. Fisk will read Bagehot he will learn that the whole ultimate reserves of the banking system of Great Britain, deposited with the bank of England, are liable to be loaned on call to the bill brokers of London. Mr. Fisk reduces, by similar figures, the estimated amount of gold in the country from \$627,000,000 to \$102,000,-000, but to do this he deducts the gold in the banks, \$133,398,-786, from the sum which he regards as available for circulation. He might as well deduct the gold in safes, in pockets and in the "old stockings." Mr. Fisk then proceeds to roll up an adverse balance of trade, amounting to \$1,110,000,000 a year, which he arrives at by assuming that \$5,000,000,000 of our stocks and bonds, other than railroad, are held abroad, which is five times too high and fully half the value of our entire railways, which is preposterous. On this he thinks we pay in interest and dividends \$250,000,000; on our railroad debt abroad, \$260,000,000; as foreign profits in American banks, breweries, etc., \$200,000,-000; as marine freights, \$300,000,000, and that our tourists expend in Europe \$100,000,000. These figures are as purely romance as if they came in a yellow-covered novel. They rest wholly on guess work. The government collects no statistics whatever on the points involved, except some broker's guess work obtained by Mr. Ford, and that bears no likeness to Mr. Fisk's figures.

HERRING. *The Herring's Mysterious Migration.* By A. H. Gouraud, in *The New Science Review* (quarterly), Transatlantic Publishing Co., Phila. The sea herring here described come up from the lower depths of the ocean, at the spawning season. After intervals usually of seventy years, they come for periods of from ten to eighty-one years. The last periods of absence were of sixty-nine, sixty-six and sixty-nine years, which carries this extraordinary migration back to 1550, prior to which no records are extant.

Their sole known habitat is the Skaggerack and Cattegat Straits, which separate Denmark from Sweden. Upon their arrival they cause a rapid building up of towns and gathering of fishing population in the Swedish province of Bohnstän. They come in such quantities as to lift up into the air above the ocean

solid mounds of struggling herring several feet in height at their points of concentration. They are followed by herring whales, cod, porpoises and hovering birds of prey, in such numbers that the approach of the shoals of herring can be noted, from these surroundings while they are still far out in the North Sea. Out of its depths they seem to rise, "when, pervaded with the anxieties of a dawning parentage, they quit the obscurity of the deep to rise at the mouth of an open tomb." In the years 1550 to 1590, the city of Marstrand, the chief centre of the industry, "exported annually 600,000 tons of dried and salted herring, an amount not greatly inferior to the present surplus product of all Europe." During these periods of activity, cities are built up, money is plenty, profligacy and crime prevail, as in a modern gold-mining camp. When the arrival of herring ceases, misery, destitution and emigration follow. One small school of these herring outnumbers the population of the globe, and each such school follows a leader of much greater than the usual size. Innumerable "schools" combine to form a "shoal," and many shoals comprise the entire migration. Individually the herrings are "what is called an inmeat herring, large and fat, and of a length varying from eleven to fifteen inches." The shoals are believed to be led by a king herring, which is by some regarded as a fish of a different species, called a band or ribbon fish. He is about eighteen feet long, narrow and flat like a ribbon, "his head being ornamented by a tuft of fragile spines, like a peacock's feathery crest." But it is only the Scandinavian "king of the herrings" which wears this crown. The shoals which visit northern Scotland have also their king, but he wears no crown. Where are this species of herring during the long interval of seventy years in which they do not visit the Scandinavian straits, nor have ever been taken elsewhere? What law or principle governs the periodicity of their migrations? And why, since their periods of absence are uniformly close upon seventy years, do their periods of arrival annually vary in duration from ten to eighty-one years?

SOCIAL EVIL. *The Social Evil in Philadelphia.* By Rev. Frank M. Goodchild, in *The Arena* for March. The writer estimates that there are 20,000 prostitutes in New York City, and 232,000 in our country to-day. He says: "Their average life

is five years. Every five years, then, two hundred thousand pure girls must be dishonored and spoiled to supply the demand of lust! Ancient and heathen Athens used to go into mourning because every nine years, seven youths and seven maidens had to be furnished for the devouring Minotaur of Crete. How ought we, then, as a nation to prostrate ourselves before God in seeking deliverance from this monstrous evil that every year devours forty thousand of our pure maidens and pollutes two hundred thousand of our pure youths!"

"Prostrating yourselves before God" is the emotional plan. It will merely furnish the presumptuous and hysterical with an opportunity to listen to their own rhetorical efforts. The women who are pursuing this life need homes, husbands, families, intellectual and social amusement and association, and light, profitable work. Their intellectual resources are few and dull, and they shrink from the gloom and isolation of a friendless life. Even while they are plunging into deeper friendlessness they are in constant pursuit of the form of association which will most nearly, of any that is possible to them, resemble the home. Churches, associations and all organized methods thus far adopted are hopeless failures. The raiding and fines by the police and courts of law are a hideous mockery which offend civilization and make the evil worse. Colonization has more merits than any other alleviating force. But the social evil is still the hopeless cancer in our modern civilization.

*WAR. Jingoism, or War upon Domestic Industry.* By Edward Atkinson, in *The Engineering Magazine* for February. The writer assumes that it is the little band of peace-at-any-price mugwumps who have denounced President Cleveland's get-me-a-gun manifesto, to whom the world is now indebted for the prospects of peace between Great Britain and the United States. Such an assumption hardly needs comment. The result simply shows that the sequestration of territory, which has been going on for a century in all parts of the world under the influence of British aggression, has been stopped peremptorily at the threshold of the American continent by the exercise of one firm will and courageous purpose. Where both Mr. Cleveland and Edward Atkinson got in their effective "war upon domestic industry" was in their fanatical and bull-headed

assault on the tariff conditions essential to the prosperity of American industries in 1892, thus bringing about the financial crisis of 1892 to 1895, from which we have not yet recovered. For this crowning blunder against the country's welfare Cleveland's fortunate and wise action in the Venezuela business partially atones. The chief defect in Cleveland is that he began the study of economics very late in life, and under the unfortunate bias of being able to perceive that if he advocated free trade it would rally around him the Bourbon South and the mugwumps, and so give him a second term. Now that he has kicked both these causes of bias to one side, he might prove capable of many sensible things.

**WILL AND CAUSATION.** *Individual Determinism and Social Science.* By G. Fiamingo (Rome), in *Annals of the American Academy* for March. This article reflects the mental state of a writer who doubts whether the continuity and precision of the statistics applicable to human conduct, in its economic, ethical and political relations, may not effectually eliminate the notion of will from the philosophy of human action, as the theories of chance have been eliminated from the domain of the physical sciences, by what are called the laws of physics. This line of reasoning simply indicates that the writer has a surplus of Darwin, Tyndall and Huxley, Haeckel and Spencer, and has not yet laid in a supply of Hegel, Schopenhauer and Hartmann. These latter writers, by making these very laws of matter and physics to be absolute Will, in every philosophic sense, simply universalize the phenomena of will at the very stage of the argument where it is expected to vanish.

### Book Reviews.

HISTORY OF THE UNITED STATES FROM THE COMPROMISE OF 1850. By James Ford Rhodes. Vols. I. II. and III. Harper & Brothers, New York.

The three volumes of this imposing work, thus far published, carry the narrative from its initial period—the compromise of 1850—to the close of the military campaign of 1862. Shiloh had then been fought, Beauregard had evacuated Corinth and fallen back toward Vicksburg, Grant was temporarily overshadowed by Hallock in the Mississippi campaign, McClellan was approaching Richmond *via* the James River, McDowell was in command at Washington, Fremont and Banks were contending with Early in the Shenandoah Valley, New Orleans had just surrendered to Farragut, Porter and Butler; and President Lincoln had not yet announced his emancipation policy. These volumes extend over twelve years of the thirty-five which the work intends to cover, viz., to the inauguration of Grover Cleveland as President in 1885. As the later twenty-three years are by far more eventful than the earlier twelve, it would seem that the author intends a work of from eight to ten volumes. His appreciation of the dignity of his task is indicated on the opening page by citing the opinion of Mommsen, the historian of Rome and of Christianity, to the fact that "the American Civil War, of 1860-5, is the mightiest struggle and most glorious victory as yet recorded in human annals."

The work if fully and satisfactorily executed in the regard of accuracy alone, covers so advantageous a field as respects the importance and interest which attaches to its period, that it cannot fail to command the very widest reading. The studious critic naturally plunges into its pages with the inquiry, have we a new American classic? How does our new historian rank in style, in research, in eloquence, in impartiality, fidelity and conscientiousness, in minuteness and accuracy of detail, in breadth and scope of philosophic generalization, in brevity and force of expression, in diversity of scope and compass, and in pure historic insight. Is he easily a peer in the good company of Motley, Prescott, Irving and the two Bancrofts in America?

Or is he a peer of the world among the stalwarts—Macaulay, Alison, Grote, Guizot, Mommsen and Gibbon?

The reader will not require long to discover that very high qualities are apparent in every page of these volumes. The diversity and scope of view are broader than is usual even in first-class historical writing. Minute, condensed descriptions of social facts, illustrating the intellectual grade, home life, industrial condition, morals, religion, economics, amusements, enthusiasms, of the entire people, are numerous, panoramic, vivid and American in tone and color. They follow each other in the happy sequence, as well as with the abundant prodigality which Nature exhibits wherever her fertility fills all the landscape and satisfies the eye. The text seems to cost no effort, and yet a glance at the foot-notes reveals that the narrative which flows so clearly and pleasantly, is usually the result of ceaseless and laborious research among the very best sources of information that could be consulted.

Mr. Rhodes never minces his words in the description of social conditions. On the contrary, he delights to "hew to the line, let the chips fall where they may." His "Chapter IV." on slavery is written strictly from the Northern point of view. No exhibition of the qualifying effects of personal attachment between master and slave, or slow evolution of the African character under the influence of the domestic life and labor of the plantation, is permitted to mollify the intense scorn with which the historian regards slavery. He might, without difficulty, have found Northern visitors who had spent much time in the South who would narrate instances in which negresses rose to such an influence with their masters that they would freely interpose force, not only to prevent the master from whipping the colored children of the household, but also to prevent him from whipping his own white children, doubtless more easily the latter than the former, and would only be more highly respected for their warmth and vigor. Mr. Rhodes has tried to draw his picture fairly and from valid and abundant evidence. He has striven to make allowance for the motives of sympathy and humanity in the master as exceptional facts, leaving cruelty and mercenary heartlessness to constitute the rule. But it is like seeking to find amenities in war or righteousness in crime. The following sketch of the "poor whites"

may serve as indicating the directness and explicitness with which Mr. Rhodes "calls a spade a spade."

"I have spoken of the effect of slavery on the slaves and slave-holders, but there was another large class in the south that must be considered. The poor whites were free; they had the political privileges of the planters, but their physical condition was almost as bad, and their lack of education almost as marked as that of the negroes. Yet they asserted the aristocracy of color more arrogantly than did the rich; it was their one claim to superiority, and they hugged closely the race distinction. Driven off the fertile lands by the encroachments of the planter, or prevented from occupying the virgin soil by the outbidding of the wealthy, they farmed the worn-out lands and gained a miserable and precarious subsistence. As compared with laborers on the farms or in the workshops of the North, their physical situation was abject poverty, their intellectual state utter ignorance, and their moral condition grovelling baseness. \* \* \*

The poor whites of the South looked on the prosperity of the slaveholding lord with rank envy and sullenness; his trappings contrasted painfully with their want of comforts, yet he knew so well how to play upon their contempt for the negro, and to make it appear that his and their interests were identical, that when election day came the whites who were without money and without slaves did the bidding of the lord of the plantation. When Southern interests were in danger, it was the poor whites who voted for their preservation. The slaveholders and the members of that society which clustered around them took the offices. It was extremely rare that a man who had ever labored with his hands was sent to Congress from the South, or chosen to one of the prominent positions in the State."

Mr. Rhodes' second volume extends from the inauguration of Pearce in 1852 to the election of Lincoln in 1860. It treats of the two Soules' duels with de Turgot of Paris, of filibustering for Cuba and the Ostend manifesto, of the Kansas Nebraska act, the career of Stephen A. Douglas, Know-nothingism, Sumner's speech on The Barbarisms of Slavery, and Brooke's assault therefor; the strife over constitutions in Kansas and the advent there of John Brown; the campaign of 1856 be-

tween Buchanan and Fremont, the Dred Scott decision, career of Robert J. Walker as Governor of Kansas, and of William Walker, filibuster in Nicaragua; the rise of Seward, Lincoln, Douglas and Jeff Davis as political leaders, John Brown's raid and execution, the Lincoln-Douglas debate, the election of John Sherman for Speaker; the four conventions of 1860 and the election of Abraham Lincoln.

We detect no inaccuracy in Mr. Rhodes' account of this period, except what is evidently occasioned by his bias toward low tariff views, resulting in a most imperfect and untenable view of the period of hard times or industrial distress which set in in the summer of 1854, and continued until 1860, and until we were well into the Civil War. There is, indeed, no mention whatever in Mr. Rhodes' Volume II. of any panic or distress until 1857; whereas, the affair of 1857 was chiefly a bank panic, and the distress and suffering of the working classes, the cessation in manufacturing, building, transporting and the fall in wages and need of poor relief, was hardly one-half as great in 1857 as it had been in the fall of 1854 and winter of 1854-'55.

It is the more remarkable that Mr. Rhodes should have overlooked this, since the columns of the daily press of that period were filled with accounts of the suspensions, sufferings, starvations, suicides, souphouses and other substitutes for a prosperous industry. On December 31, 1854, souphouses were opened in every part of New York and Brooklyn. But this was not until after processions of the unemployed and mass meetings of the suffering, and isolated accounts of the starving, had continued for three months. The Seventeenth Annual Report of the New York Association for Improving the Condition of the Poor, having a membership of about three thousand of the very first people of New York City, describes this period as follows:

"Distressing revulsions sometimes occur in monetary affairs, which set at naught the calculations of political economists; and of this nature were the events of the summer and autumn of 1854. The first sign of the coming calamities appeared in the depression of wages and diminished demand for labor. But the most noticeable amongst the leading causes of

distress were the draught and blighted harvest. These were followed by financial derangements, fraudulent bankruptcies, and reckless speculations, which locked up capital and paralyzed industry. Add to these a winter of almost unprecedented length and severity, and we have an outline of the events which made that year one of the most trying in the history of the association. The indigent relieved by it suddenly rose from 5,669 families, which was the average of the preceding ten years, to 15,549 families; and from the previous average outlay of about \$27,000 a year to \$95,000."

In this period, the Governors of South Carolina and Mississippi issued proclamations begging the charitable of the whole world to come to the relief of their people, as their suffering was more intense and severe than in 1837, or at any former period in their history. Horace Greeley made a tour to Ohio to find out the extent and study the causes of the general distress, which every leader in *The New York Tribune* (most of which were written by Henry C. Carey) attributed to the direct effects of the low Walker Tariff of 1846. These disastrous effects had been merely delayed in their coming, but not averted, by the vast influx of gold from California in 1849-52, the exceptional demand for our agricultural products in Europe, due to the decline of British wheat-raising under the repeal of the corn laws in 1847-9; to the failure of the Irish potato crop in the same years, and the industrial derangements in Europe, caused by the revolutions of 1848 and the Crimean War of 1852-4. Never had so many factitious circumstances happened to force prosperity upon the United States as in the years 1851-1853. All these were in their full career and potency when the famine, first of currency and then of food, struck us in the summer of 1854. This currency famine was clearly due to the fact that the low tariff of 1846 had set on foot a rapid increase of importations of foreign goods into the United States, particularly of "sixth quality" iron rails for railroad building, and of dry goods. Our imports of rails under the Walker tariff contrasted with our entire domestic product as follows: \*

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\* See Neilson's Statistical Chart of 1799 to 1866, published by Am. Iron and Steel Assoc.

YEAR.	(TONS) IMPORTED.	AMERICAN ROLLED (TONS) AND RE-ROLLED.	YEAR.	(TONS) IMPORTED.	AMERICAN ROLLED (TONS) AND RE-ROLLED.
1847	15,161	not given.	1853	334,874	87,864
1848	33,028	" "	1854	316,811	108,016
1849	77,463	24,318	1855	142,818	138,674
1850	159,081	44,083	1856	174,156	180,018
1851	211,264	50,603	1857	200,822	161,918
1852	275,101	62,478			

These figures show that only in one year under the Walker tariff did our domestic production of iron rails, and our re-rolling of old British rails combined, equal our import of new English rails. In many of the years our imports were more than four times the domestic products. The rails we imported, though made in England, were called "the American rail," because they were of too low a quality to be sold in any other market, being the lowest of six qualities made. To ride over them at all was nearly as dangerous as to make an ascension in a balloon. On one day in 1856, four trains, at different points on the Erie Railway, ran off the track through defective rails, the writer hereof being a passenger on one of these wrecked trains, whereon three persons were killed and many injured. In walking two miles to the nearest town, he observed scores and almost hundreds of rails which were as defective as the rail which had thrown the train.

The only manufacture which succeeded in this epoch of driveling imbecility and economic asininity, which Mr. Rhodes praises, was railroad building and wildcat banks. For the former, pauperized counties voted the land and subscribed to the stock, while the foreign iron manufacturers furnished the rails and rolling stock, taking their pay in railway bonds which they soon sent over to Samuel J. Tilden, their American attorney, and by him the bonds were foreclosed and the roads transferred to those who had supplied the English rails. The wildcat banks (of which 580 new ones were created in 1852 and 1853) were brought into being, and issued their floods of ill-secured notes, to discount the commercial paper given to the New York importers in payment for the increased volume of imports induced by the low duties under the Walker tariff, the average imports for fourteen years after 1847 being exactly two and a

half times greater per annum than they were under the tariff of 1842-6. When the collapse of 1854 followed upon the Walker tariff and wildcat bank inflation of 1851-2-3, the city of New York voted \$10,000 to the relief of the suffering and had not a dollar in the city treasury to pay it with (February, 1855); the city could not pay the salaries of the city officers and police; Central Park was projected by Democratic politicians in order to furnish the poor of the city with work, and the due-bills of the City Treasurer were "shaved" by the brokers in Wall street. Thousands of buildings in course of erection had their unfinished walls roofed over because not a dollar of money could be borrowed on the most gilt-edged real estate security or at the most exorbitant rates of interest. Only the railroad wreckers and wildcat bankers grew rich. When bills of the last had collapsed, the people paid their small debts and conducted their entire retail trade in postage stamps as currency, a condition of things which set in in the summer of 1854 and continued seven years.

It is in the face of millions of facts like these, which appeared in Presidents' Messages and Governors' proclamations, that Mr. Rhodes says:

"The revenue tariffs of 1846 and 1857, however, demonstrated a fact of great value—that a high protective tariff is not necessary for the growth of our manufacturing industries. Broadhead of Pennsylvania, said in 1857, that in five years the production of iron had doubled." (Vol. III., p. 58.) Had Broadhead really possessed a broad head, he would have known enough to say that while in the five years preceding 1857 our production of domestic iron rails had about doubled, nevertheless, in the eight years following the enactment of the Walker tariff our importation of iron rails had increased more than twenty-fold, and in 1853 was nearly five-fold as great as our domestic production.

## OPINIONS OF PUBLIC MEN

REGARDING

# GUNTON'S MAGAZINE.

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### Hon. Wm. F. Draper, M. C.

I esteemed the SOCIAL ECONOMIST and still esteem its successor, GUNTON'S MAGAZINE, as the most valuable publication that I read on economic subjects.

Prof. Gunton's articles on the revenue question fully show the fact that protection is for the benefit of the community as a whole, and for the laboring class in particular, quite as much as for those who carry on business.

On other questions, whenever his views disagree with mine, I find myself under the necessity of thoroughly studying the foundations of my own belief.

I would not be without GUNTON'S MAGAZINE for many times its cost.

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### S. B. Chase, Treasurer King Philip Mills, Fall River, Mass.

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To keep in touch with the best thought on social and economic questions, I take GUNTON'S MAGAZINE and recommend every pastor to do likewise, even if he has to do without a religious periodical, as was my case.

In these days of spiritual dreaming, the sanity and justice of the following comments, taken from a recent letter from Mr. Gunton to me, may put it into the mind of some clergyman to

forsake his metaphysical disquisitions and hankerings to explore the unknown regions of speculative theology and get to work for his fellow man, therefore they deserve a wide publicity.

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**Hon. J. C. Burrows, United States Senate.**

I cannot withhold an expression of my opinion of the high character of GUNTON'S MAGAZINE. I have been a constant reader of it for years, and no one taking an interest in "American economics or political science" can afford to be without it.

It is the ablest exposition of living questions which has fallen under my notice. It should be in the hands of every student of governmental problems.

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GUNTON'S MAGAZINE is especially valuable at this time when the instruction of American youth is committed to so many theo-

rists, who ignoring the practical results of the past thirty years of protection, so vigorously present their free trade heresies.

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We have only received two copies and are very much pleased with it; you are sound to the core on everything you touch. Send us your magazine for 1896, beginning with January. Be sure and get us in.

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**W. W. Hout, President Republican League, Cortland, N. Y.**

I think your magazine a *treasure*. I like its logical and pointed reviews of the different subjects, and I must admit that I consider it, although upon so short acquaintance, the most able political magazine I know of.

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**James P. Magenis, Editor "Freeman," Adams, Mass.**

We want the ECONOMIST, because we do not think an active, aggressive Republican can afford to be without it.

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**Hugo A. Dubuque, Counselor-at-Law, Fall River, Mass.**

Enclosed please find money order payable to Mr. Gunton, for one year's subscription to the ECONOMIST. I could not and would not get along without it.

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**Fred. W. Fleitz, Attorney-at-Law, Scranton, Pa.**

I am charmed with the periodical and I thank you for calling my attention to it. It is absolutely indispensable to any man who desires to keep in touch with the political and economic questions of the day.

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## **WHAT EDITORS THINK.**

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# GUNTON'S MAGAZINE.

MAY, 1896.

## England's Return to Protection.\*

FOR five hundred years England had a protective policy. Under that policy she passed from the most backward country in Europe to the leading commercial country in the world. Under that policy she gave mankind the factory system, parliamentary institutions, religious freedom, abolished slavery and established the highest wages in Europe. By the economic advantages thus acquired, she developed a superior productive capacity which enabled her to undersell on even terms all other manufacturers in the world.

Having securely obtained this advantage, she sought to increase the prosperity of her manufacturing classes by capturing foreign markets. To this end, having no fear of competition in manufactures, and desiring cheap food in order that her manufacturers might have lower-priced labor, on June 27, 1846, she adopted free trade, removing all import duties upon breadstuffs and raw materials, as well as manufactures.

This was heralded abroad as the stroke of economic emancipation, and has been the basis of nearly all economic literature ever since. Free trade has been proclaimed as the true economic policy for all nations. In this country, the economic doctrinaires have persistently propagated the notion that our only hope for permanent prosperity is in imitating the English and adopting free trade. Thus far, we have refused to be converted, but now and then have wavered to the extent of making a partial experiment, and paying the penalty in swift disaster.

On the 27th of next June, England will have had half a century's experience under this free trade régime; and it is significant that at the end of a fifty years' experiment, which has not converted a single country, she is now taking steps to return as gracefully, but as effectively as possible, to a protective

\* By George Gunton; reprinted from the *New York Press*, April 20, 1896.

policy. This is what intelligent protectionists have predicted would necessarily be the final outcome. England's competitive superiority over continental producers has all along been due to the superiority of her machinery; and her ability to undersell American producers has been due to her lower wages. This seems to be an enigma to free traders. They have never been able to understand why England's power to undersell in the American markets was the result of an entirely different cause from her power to undersell continental producers. When our higher wages are given as the reason for needing protection in the United States, they invariably reply by asking "If we need protection against England because our wages are higher, why does not England need protection against the continent, because wages are higher in England than in continental countries?"

Intelligent protectionists have no difficulty in solving this seeming conundrum by showing that England may be able to compete with continental countries, despite her higher wages, and that the higher wages of the United States make a protective tariff against England indispensable.

The facts furnished by Mulhall, the English statistician, make the explanation of this very simple. He shows that 78 per cent. of the productive power in Great Britain was steam, as compared with 60 per cent. in Germany, 58 in France, 45 in Holland, 41 in Spain, 34 in Scandinavia, Portugal and Italy, 29 in Austria and 10 in Russia; or 36 for the average of continental countries. That greater use of steam and machinery gives England, despite her higher wages, a lower cost of production is shown by the further fact that the cost of productive energy per thousand foot-tons in Great Britain is 16.8 cents, as compared with 20 in Belgium, 22.4 in Switzerland, 23.2 in Germany, 28.4 in France, 29.4 in Holland, 27.6 in Spain, 42.4 in Portugal, 35.6 in Italy, 32.2 in Austria and 25.2 in Russia. In other words, although mechanics' wages in Great Britain were \$7 a week, as against \$4.12 on the continent, the cost of energy per thousand foot-tons was only 16.8 cents in Great Britain, as against 26.6 on the continent.

Says Mulhall: "This enables us (England), as far as labor is concerned, to undersell the continental nations by 12 per cent., although our workmen's wages are almost double." In

other words, the increased cost of production due to higher wages in England is more than offset by the superiority of English machinery by about 12 per cent.

In the case of the United States and England, the facts are quite different. So far as the machinery is concerned, it is substantially the same in both countries. Consequently, the only item of difference is the cost of labor, which, being higher in this country, makes a net difference in the cost of production against the United States. According to Mulhall's tables, just referred to, the cost of energy per thousand foot-tons in the United States is 19.6 cents, as against 16.8 cents in Great Britain, or one-sixth more in the United States than in England; and this estimate relates to the entire productive capacity of the country. If this were applied to manufactures alone, the difference would be very much greater. It is manifest, therefore, that by the same comparisons on the same basis of facts, we need protection against England because of our higher wages, while the higher wages in England do not make protection necessary against the continent, since the difference there is more than offset by the difference in machinery.

This fact makes it manifest that as fast as continental countries begin to use as good machinery as England, England's advantage will disappear, and the wages will become the only factor of difference in cost, as is now the case between England and the United States. Unless continental wages rise to the level of English wages, England will be unable to compete with continental countries, and will be compelled to resort to protection or lose her foreign and much of her domestic trade.

The prediction that this would inevitably come has been sneered at by free trade doctrinaires, who seem to imagine that some occult superiority resides in the free trade formula. During the last few years, however, facts have been too much for their theory. Continental countries have begun to adopt the best English and American machinery, and with their much lower priced labor are competing with English manufacturers, not merely in their own markets, but also in the English market. This tendency has become so manifest to observing English statesmen that an actual change of policy is now being contemplated. Of course, they are very loath to admit that their free

trade policy is a failure. Indeed, the superstition in favor of free trade is too strong to render such a frank confession politically expedient. Little by little, however, it has been incidentally admitted by prominent statesmen several times during the last few years. About eighteen months ago, the London *Statist* offered a reward for the best essay on the subject of "Organizing an Imperial Federation," in which the principle of free trade should be maintained within the federation and protection against all without.

It is officially announced that a conference is to be called for the purpose of devising ways and means to bring it about. In his speech announcing the scheme at the Canada Club, the substance of which has since been repeated in Parliament, Mr. Chamberlain admitted that though still a free trader, he was willing to depart from the doctrine in order to improve the commercial interests of the country. According to the report of his speech in the *London Times*, he said:

"I have no such pedantic admiration for it (free trade) that if sufficient advantage were offered me I would not consider a deviation from the strict doctrine. [Hear, hear!] Mr. Cobden himself took this view, and compromised his principles in making the French treaty; and it cannot be expected that we, his disciples, should be more orthodox than the apostle of free trade himself. [Hear, hear! and laughter.] My fourth proposition is that a true Zollverein for the Empire, that a free trade established throughout the Empire, although it would involve the imposition of duties against foreign countries, and would be in that respect a derogation from the high principles of free trade, and from the practice of the United Kingdom up to the present time, would still be a proper subject for discussion and might probably lead to a satisfactory arrangement, if the colonies on their part were willing to consider it. [Hear, hear! and cheers.]"

This is a complete confession that free trade as a policy for England has been a failure, and that England is now ready to adopt an imperial federation modelled on the basis of the United States, with a protective policy against all foreign countries. This is in accord with Lord Salisbury's speech some two years ago, and the call for a conference shows that it is a part of the official program of the administration.

The London *Times* of March 27th endorsed the scheme in a leading editorial, in which it says: "The United Kingdom has for nearly half a century pursued, steadily and avowedly, a free trade policy, while the colonies, on the whole, though with some remarkable exceptions and with no approach to uniformity of action, have drifted into protectionism. This divergence has hitherto frustrated the various projects that have been discussed for an Imperial Customs Union, which would, at once, establish free trade within the empire as it exists within the vast territories of the United States, and would bind together the members of such a federation by ties of interest as well as those of sentiment. \* \* \* Yet we believe the vast majority of people of the United Kingdom will heartily endorse Mr. Chamberlain's desire."

After reminding its readers that Mr. Cobden would not have objected to this policy, and admitting that "however cautiously limited the modification of the tariff might be," it must involve the reimposition of the "duty on foreign corn and the levy of a renewed tax on foreign sugar." It says, "The belief in free trade as the indispensable condition for the growth of an industrial and commercial community like ours is not inconsistent with a growing impatience of the pedantry that would condemn any practical modifications of an abstract doctrine, such as the most rigid economists have themselves introduced when they had to descend from theory to business. A very moderate advantage given to our colonial fellow-subjects would have scarcely a perceptible influence on the great bulk of our foreign trade. At the same time, it would be a substantial guarantee to the colonists of a position in the home market the importance of which is likely to increase from year to year."

The Saxon English of this is that Mr. Chamberlain, speaking for the administration and backed by the London *Times*, proposes an industrial federation between Great Britain and her colonies, making them industrially into one nation like the United States, and adopting for them a protective policy similar to that which we have adopted in this country, viz., that they shall have free trade within the federation and protection against all outsiders. In order to soften the shock to the minds of the English people, it is called an

extension of free trade, and in order to make it palatable to the colonies, who have never believed in free trade, it is called protection. But the simply truth is that it is *the abandonment of the free trade doctrine and the adoption of a protective policy*. This is a stroke of long range statesmanship on the part of England. It will give her free access to the markets of all her colonies for her manufactured products, while a tariff barrier will be erected against the products of all other countries. On the other hand, it will preserve the English market for the agricultural products of her colonies. This will give Canada, Australia and India the exclusive right of way to the British market. But while it will give to the colonies an advantage for their agricultural products in the British market, it will seal the fate of the development of manufactures in the colonies. Australia, Canada and India will be hopelessly defeated in any attempt to develop manufactures with free importation from England. This, of course, will tend to keep the colonies agriculturalists and the producers of raw material, and will allow England to be the exclusive manufacturer for the entire empire.

Nothing that has occurred during the last half century so completely justifies the protective policy of the United States as this proposed Imperial Federation of England. It is the testimony of the most successful industrial country and the only free trade country, that the policy of protecting the development of domestic manufacture is the true policy of national development.

How will this new scheme, if adopted, affect the United States? Its immediate influence will be to exclude American farm products from the British market. As England is the only important purchaser of agricultural products, this would practically destroy the foreign market of American farmers. If this scheme goes into operation, the American farmers will awaken to a realization of the folly they have committed in allowing themselves to be hoodwinked into believing that the home market was a matter of insignificance to them and that the foreign market was to be their chief reliance. They will realize that the only market that is worth their while to rely upon is the domestic consumption of the United States. It is the increase of this consumption or home market that protection and the de-

velopment of manufacture and internal commerce has created. It is the further extension of this that must be relied upon to give an assured prosperity to our farming population. This return of England to the protective policy, I repeat, is a complete demonstration of the far-reaching wisdom of the traditional policy of the United States, which has ever been to use the influences of government to promote the diversification of industry and the multiplication of manufacture as the true means of promoting national prosperity.

The only hope for the permanent prosperity of the agricultural population in this country is to abandon their dependence on foreign markets for the sale of their products, and co-operate in supporting the policy which most effectively stimulates the growth of home manufacture and commerce. Instead of chasing the will-o'-the-wisp of foreign markets and clamoring for the free silver delusion at 16 to 1, their interest lies in giving their hearty support to the demand for the re-inauguration of a rational but firm and effective protective policy.

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### Credit Associations in Germany.

APART from the mortgage banks, savings banks, and the old style of capitalistic banks headed by the Imperial and joint stock banks and private banking houses which are planted all over Europe, there is evolving on that continent, and chiefly in Germany, two systems of co-operative or Poor People's banks. Their theory and practice are so wholly unknown in the United States that it is a matter of some care and difficulty to translate their methods into the language of American interests and needs, so that we of the great republic can understand how these queer modes of doing business run so like a prairie fire in the Old World.

The Schulz-Delitsch system, when translated into American terms, becomes pretty nearly a compulsory savings bank, based on the building-association system of shares, payable in small regular installments as its primary capital, with an unlimited liability-on-loans on the part of all its members as a means of reinforcing its deposits by an enormous borrowing power, and therefore lending power, which greatly transcends

that of the American savings banks. In short, it is a savings bank based on what we call building or loan association shares, with an unlimited liability attachment for borrowing purposes. Herr Schmidt, of Vienna, ten years ago computed the entire number of such associations at 4,500, with 1,500,000 members, maintaining loans of £450,000,000 or \$2,250,000,000, being a fifth more than the savings bank deposits of the United States, and about one-twentieth of the highest national bank "clearings." The Schulz-Delitsch associations loan only to their own members (*i. e.*, to subscribers to their shares), and for 1892 their shareholders were returned as consisting: 30.1 per cent. of peasants, market gardeners and small cultivators; 3.2 per cent. "assistants of cultivators" (farm laborers), gardeners, etc.; 27.4 per cent. artisans working for their own account; 5.6 per cent. journeymen, factory hands, miners, etc.; 8 per cent. shopmen, 2.2 per cent. letter carriers, railway officials, waiters, etc.; 9 per cent. *commissionnaires*, servants, etc., making 70.2 per cent. of the poorer classes. Skilled workingmen then followed, with 11.9 per cent., leaving less than one-fifth of the shares, in toto, to be held by the middle, mercantile, *bourgeoisie* and aristocratic classes, combined, whose ascendancy in ownership is vetoed at the start by a universal provision that no one person can hold more than one share.

And yet the Schulz-Delitsch associations are regarded as less distinctly favorable to borrowers than the still more novel, unprecedented and interesting Raiffeisen banks, which contrive in the most absolute manner to pluck the flower of safety from the very midst of the nettle danger, for they unite the singular quality of borrowing from the relatively rich, in order to lend for long periods to the absolutely poor. Those who can give good commercial security at present are sent to the other banks for short loans. The Raiffeisen class loan only to such as are not expected to be able to repay the loan until they shall, in the course of many months or a few years, have made the means of repayment out of the profits derivable from the employment to which the loan is put. And yet the members of these Raiffeisen associations become each security for all, on all the loans the association makes, thus resolving the whole association into a partnership, firm or commune, in which all that each member is worth is liable for all that either the asso-

ciation as a whole undertakes towards strangers, and also for all that every member of the association undertakes in borrowing from the association.

The purely loan offices of the Raiffeisen type number upward of 1,000, and the various supply associations for printing, trading, insurance, dealing in manures and fertilizers, dairy associations, wine-growing, wine-shops, etc., conducted on the same "unlimited liability" principle, amount, with the loan offices, to 3,800 establishments. Yet so far as the Raiffeisen loan offices are concerned, they make the astounding report that "after forty-three years' experience neither member nor creditor has ever lost a penny."\* We are told that "governments now encourage them; provincial diets ask for them, priests and ministers pronounce their blessings upon them, the peasantry love them." Where they open there is a prompt exodus of Jews, pawnbrokers and money-sharks. The latter literally close up their shops and leave the country. In localities where 40, 60 and even 100 per cent. interest had been taken, it becomes practicable for the poorest man who can prove that he has a productive use to make of money, which will bring him a sure and sufficient return, to borrow all the money his proposed use will justify, at from four to seven per cent., for as long a period as the use in question requires to yield its returns.

The first "loan bank" was started by Raiffeisen in 1849, the second in 1854, the third in 1862 and the fourth in 1868, thus requiring twenty years to generate four of these banks. Twelve years more passed before they began to multiply and before the public began to discover the working of their distinctive principle. By 1885 there were 245 in Germany; by 1888, 423; by 1889, 610; by 1891, 885, and by 1893 upward of 1000 in Germany alone. In January, 1896, Hans Krüger reports in *Vierteljahrsschrift für Staats und Volkswirtschaft* that there are of Raiffeisen loan offices 3,800 establishments, and that the government of Germany is now seeking to identify itself officially with the system by establishing for them a central bank of its own, with the view apparently of adopting the various establishments as branches. But the Raiffeisen associations already have their

\* "People's Banks," by Henry W. Wolff, p. 72. Longmans, Green & Co., publishers.

own central bank, which, unlike the local associations, is a share bank with limited liability and a capital which has hitherto proved ample. Herr Krüger therefore regards the Imperial overture as uncalled for and invidious, almost a source of danger to the system.

For many years the government, under Bismarck, tried diligently to intermeddle with the system by imposing upon it conditions which were alien to its spirit and requirements, but which were assumed to be designed to strengthen it. One of these Bismarckian impositions was that the members should subscribe to shares, to a specified sum, thus forcing upon the Raiffeisen banks a feature of the Schulz-Delitsch associations. Another was a series of suggestions to both classes of associations, looking to the encouragement of limited instead of unlimited liability. The share provisions were evaded for a time by making the shares nominal, and in 1892 out of 4,401 credit associations of both kinds, 4,169 were based on unlimited liability.

In the Raiffeisen banks, therefore, there are no entrance fees, dues or other form of compulsory deposits, such as lie at the basis of the American building and loan associations and are in part the basis also of the Schulz-Delitsch banks. The theory of the Raiffeisen system is that "long credit is the rule. Calling upon a poor man who deliberately joins in order to borrow, to pay money, is sheer mockery."

When a system of banks founded on such a principle becomes an ark of refuge so that, during great war panics and convulsions, popular deposits withdrawn from other banks which offer interest will be pressed on these, without interest, it may be assumed that a palpable discovery in the science of credit has been made. Yet this is just what happened to the Raiffeisen banks, and in a less degree to the Schulz-Delitsch associations in the great wars of 1866 and 1870.

The cardinal principle of the Raiffeisen banks being to loan on personal character and on satisfactory evidence of the intrinsic productiveness of the use to which the money loaned is to be put by the borrower, it follows that the association at the outset can consist only of the residents within a limited district, say of 400 "neighbors." All of these must know each other well, and know each other's characters and enterprises. Only such can

be willing to form themselves into a bund, union, brotherhood, partnership or commune, in which each shall "stand for all and all for each," as to the purposes of the bund, whether it be to lend money to certain of its members, to borrow it from strangers, to sell supplies, etc. Every member must be elected by the members already joined. Notwithstanding it would seem that such an association would be a difficult one to get persons of means to join, both Raiffeisen and Schulz-Delitsch made much of the feasibility of forming an association at all, turn upon getting some reasonable proportion of rich, well-to-do or responsible members, to not merely become members, but managers, preferred in exact proportion to their means.

While in the Schultz-Delitsch associations the committees elected by the members to make the loans are paid both salaries and commissions, the Raiffeisen associations are run by an executive committee of five and a council of supervision of from six to nine members, all of whom work without pay. The only paid officer in each association is the cashier, and he has no "say" in determining either a borrowing, a loan, or any other act involving responsibility. Wolff alleges, on behalf of the Raiffeisen system, that "purely gratuitous service has proved at once the most economical and the most safe."

The exact means by which Raiffeisen, or the central bank, could control the organization of local banks so as to ensure the choice of a sufficient number of responsible persons into the association is not wholly apparent, and yet it seems to have been done. It seems, also, to form a part of the ordinary plan of organization that a majority of the executive and of the supervisory boards should always consist of the richer members. Mr. Wolff, in his account of the evolution of these associations, declares, without explanation, that this is the rule, and assumes that the ordinary self-interest of the members, supplemented by instructions from headquarters, is sufficient to ensure its observance.

The Schulz-Delitsch banks cannot say, like the Reiffesen, that they have met with no catastrophes. Between 1875 and 1886, thirty-six Schulz-Delitsch associations were declared bankrupt, and 174 more went into liquidation. The crash of the association at Düsseldorf in 1878 almost resembled the South Sea Bubble on a small scale, and was commemorated

in a painting which depicted the ruined stockholders besieging the broken bank in hysterical groups. Other failures occurred in Chemnitz, in Bonn, in Rosswein, in Wrietzen, in Schkendits, in Allstedt, in Cannestedt, in Dessau. In May, 1880, the deputy, Herr Ackermann, stated in the Prussian Chamber that in 1879 twenty-four Schulz-Delitsch associations had lost 7,805,608 marks (close upon \$2,000,000), and in 1880, up to that date, another 1,202,877 marks (\$300,000) had been lost. In 1892 there were nine bankruptcies and four liquidations. In all, Dr. Schneider computes, there have been 184 failures out of 1,910 banks, or 9½ per cent. of the whole number—by far too large a percentage. The Schulz-Delitsch associations are also open to the charge of sustaining a high rate of expenditure. In 1885 2,907,475 marks were paid out in commissions and salaries on a turnover of 24,835,265 marks—about twelve per cent.

Dr. Schenck, the head of the Schulz-Delitsch Union, compiles the statistics of all the co-operative credit associations of Germany for 1892. He shows that out of 4,401 credit association or co-operative banks registered in Germany 1,076 are associations of the Schulz-Delitsch plan. In 1892 these 1,076 gave credit to the extent of 1,561,609,530 marks (\$390,402,380), including renewals, which are estimated at \$300,000,000, being 1,451,309 marks per association.

Both the Raiffeisen associations and the Schulz-Delitsch associations differ from all American Banks in the fact that their loans are not limited by their deposits. They enter the market as borrowers upon their own credit as associations, and it is alleged that the effect of the unlimited liability of their whole membership is that they readily borrow all they can lend without the need of bills, mortgages or pledges of "collateral."

The Schulz-Delitsch associations invite members from any quarter; make short loans on strictly commercial security, though to members only; and upwards of a thousand of them are bound together into a Schulz-Delitsch Union, though there are in addition a large number of banks organized essentially on Schulz-Delitsch lines which do not seek membership in the Union.

"Individuals are to derive no benefit except the privilege of borrowing. All profit goes to the reserve. The first object of the reserve is to meet deficiencies for which only with hardship

could individual members be made responsible. Its next is to supply the place of borrowed capital, and so make borrowing cheaper to members. Lastly, should it outgrow these needs, it may be applied to some public work of common utility benefiting the district. Not even in event of the association being dissolved is any sharing out permitted. In that case the money has to be handed over to some public institution, to be kept on trust until required for the endowment of a new association formed in the same district and under the same rules. Or, that failing within a reasonable time, the reserve may be employed for some useful local public work."

Yet there seem to be exceptions to the rule laid down by the founder, for even the first little loan bank begun by him, with \$1,500 of borrowings, at Flammerstein, in 1849, and which had lived by lending as cheaply as it possibly could, and finding means by borrowing still more cheaply, until, in 1892, its reserve had grown to \$10,000, at last forsook its founder's co-operative principles and divided its reserve among its members. This fact would indicate that the principle on which Raiffeisen set out has but partially been made effective in the laws of Germany, and that the title to funds remains in the members of each bank, and can be diverted from the plan of its founder, at least by a unanimous membership. If this can occur on dissolution, presumptively it can be also done at any previous moment, but, on the whole, the spirit of its founder prevails in these associations, or they could not preserve their distinctive type.

The marked feature in both these new systems of German popular banking is the reaction, or retrogression, which they show from that principle of "limited liability," or "shirking the debts," which has now for more than a century contributed the chief inducement to the inauguration of uncertain or financially dangerous enterprises by corporations in England and America. The chief basis on which both the Schulz-Delitsch and the Raiffeisen associations have planned to "create a capital without a capital of guarantee," as Schulz himself expresses it, has been to recede as far as possible from the scheme of "individual irresponsibility" for debts and losses, which is the chief corner-stone of our financial corporations. Upon this principle, also, the kindred associations known by other names

in Italy, France, Austria, Hungary, Spain and Russia are founded. They all do a great work in ending destructive criticism by constructive enterprise.

It cannot be denied that much of the unscrupulousness in business, and of the disposition to make a net profit out of bankruptcy and by repudiation, which characterizes the business world wherever these aims can be effected legally, viz., in Great Britain and America, is educated into it by the debt-avoiding basis on which corporations are formed. Corporations often come into existence, repudiating all indebtedness for the very assets by which they do business, they continue in existence only as long as it is more convenient to pay their debts than to fight them, and when they go into a receiver's hands they compel creditors to take as low a percentage of their debts as is necessary to leave the corporations a profit, thus shifting all the risks and losses of business upon their creditors, and so using, virtually, their creditors' property as an experimental capital with which to start without actual personal risk to themselves.

We cannot regard it as altogether an unhealthy sign that both of the new German efforts to "vulgarize credit" by placing "enterprises of great pith and moment" within the power of the deserving poor, have made the very basis of their surprising success to consist in discarding utterly and dogmatically at the outset the notion that there can be any escape from legal liability, at any time or in any way, for every part of the indebtedness whereby value has been obtained from another person that remains unpaid for. This seems much like a restoring of the ancient landmarks, to conform literally to that pithy but much-slighted precept, "thou shalt not steal," by so extending it as to add, "even through the legal methods of limited liability."

It is also extremely important to note that in some way, not wholly explained, but apparently practical, both these classes of credit institutions, though moulded upon democratic lines, have not sunk into the socialistic bog of anti-capitalism or hatred of rich men. Though both the Schulz and the Raiffeisen banks limited members to one share and the Raiffeisen to one vote, to prevent the associations from falling into the coercive or capitalistic monopoly of rich men, yet both of them insisted that no association should be formed entirely of poor men, and that, when rich men were mustered in, they should have

an advisory power proportionate to the greater burden of risk they were carrying. They must be given an effective veto in the executive committees, in the committees of supervision, and in the quarterly meetings of the committees of revision. Thus these associations, though they are doing far more than any other agency in Germany to expand the industrial powers of the poor, are nevertheless the one medium through which the poor are united in most effective, and without misrepresentation we may say, voluntary co-operation with the rich. The associations, especially the Raiffeisen, could not have met with the prosperity and security they have enjoyed if the reckless, the irresponsible and the desperate had been entrusted with their management. Schulz is said to have distinguished at first against "the very poor men," but the large percentage of journeymen, farm laborers, market gardeners, waiters and peasants which are returned as members of his banks, shows that it must have been only the thriftless and wilfully improvident that he aimed to exclude. Raiffeisen insisted upon "rich members" enough to make a majority in each of the committees of management. Hence the progress of these banks has been peculiarly along lines tending toward the largest social brotherhood rather than toward social revolution. The so-called "scientific socialists" as such have found none but negative comfort in them. The greater their prevalence the less the need of "social revolution."

The German lending associations seem to have made use, in these two credit systems, of the same principles of judgment concerning men and loans, which the merchants and manufacturers, and even the farmers of America, apply to the matter of giving credit in the sale of goods. Dun's and Bradstreet's commercial agencies collect for their patrons, to guide them in extending or withholding credits on the sale of goods, very nearly the same class of facts as determine the judgment of both the Schulz and the Raiffeisen banks in making loans. The discovery on the part of our German cousins consists only in utilizing this kind of knowledge so as not merely to make it the basis of sales on credit, but also of loans. All credit tends probably to democratize capital. The pith of Alexander Hamilton's conception of the gain made to society by banks of any kind lay in their tendency to gather up the idle capitals of society, and to

utilize them by loaning them to the enterprising. This was practically equivalent to increasing the quantity of capital by increasing its rapidity of movement. The two German systems carry this utility one step further. They so mass the aggregated responsibility of the comparatively poor as to arrive at a power of borrowing for their own use from the relatively rich. This seems to be an advance in credit methods along lines which Americans cannot fail to study with interest. And yet in some respects the Raiffeisen banks seem like an importation from Russia of some of the principles of the Russian commune, called in towns the *artel*, and in agricultural work the *mir*. A common convenience of both the *artel* and the *mir* in Russia is that all the members become jointly liable for any obligation, like that of a salesman in a store, or cashier in a bank, which one of its members may assume. So the *mir*, in its social capacity as a unit, is liable for the taxes due from the land of one of its members, and assumes the duty of tilling it in his absence, and converting the results of the tillage to the payment of his debts. It also sustains a degree of liability for his defalcations, debts and torts.

There is, therefore, in the Raiffeisen associations a degree of voluntary recurrence to practical communism or partnership, which seems to indicate that among the poor there is a natural tendency backward toward communistic or tribal methods. So far as a voluntary restoration of something like the tribal system shall prove to contain in it a better means of giving credit to the poor, it will command the closest attention and respect of the economic world.

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### A Proposed "Clearing House Currency."\*

MR. GILMAN, a banker, of Wall Street, has drawn, and Mr. Fairchild has presented, a bill for establishing a "clearing house currency," so-called. It sets out with the assumption that a Bank of the United States, with branch banks in every state, such as has heretofore been advocated in our predecessor, *The*

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\* "The Incorporation of Clearing Houses and the Issue of a Clearing House Currency," by Theodore Gilman (banker), in *The Banking Law Journal* (March), with the bill (H. R. 3338) to Incorporate Clearing Houses and Provide Clearing House Currency, etc., introduced by Mr. Fairchild.

*Social Economist*, and by the editor of this magazine before the Banking Committee of the H. R., is, in fact, needed to perfect our American banking system. It cannot, however, be had because too large a share of the American people still get their financial opinions through the largely inaccurate filtrations into the popular thought of the day, of the financial beetle-headedness and economic ignorance of the great American duellist and Indian fighter, Andrew Jackson. It is popularly supposed that Andrew Jackson opposed a Bank of the United States *per se* as an economic and monetary institution. That this popular notion is false is shown by the fact that he opened his warfare by asking Congress to charter a new United States Bank which should be more completely under the control of the Government of the United States, instead of rechartering the then existing bank.

Mr. Gilman repeats the popular error that a Bank of the United States has been tried and found wanting; whereas the two successive Banks of the United States enjoyed careers of uninterrupted success—indeed formed the most successful feature in the administration of the government anywhere to be found in its first half century. The two banks each paid eight per cent. dividends throughout almost their entire existence as government institutions, and not less than six per cent. during the remainder. Their stocks were eagerly sought for by European purchasers even at a time (in 1816-17) when the bonds and notes of the United States were at 20 per cent. discount.

The Bank, which passed into discredit in 1841 and wound up its affairs, without the loss of a penny either to its depositors or to its billholders, had ceased five years before to be a government bank, by its charter, and seven years before to be a depository of government moneys, pursuant to the purpose and to the pledge of public faith on which it was created. It had carried out a resumption of specie payments for an insolvent government at a time when the government demand notes were only worth 75 cents on the dollar, and had enabled the Government to collect its customs revenue in coin, after its custom houses had for six years (during the interval of 1811 to 1817, when there was no government bank in existence) been stuffed with the depreciated paper money of the wild-cat state banks. The Government subscription for seven millions toward the

capital of the bank had never cost it a penny, yet on this stock the Government drew its dividends for nearly twenty years like any other stockholder, and appointed its five directors, of whom one was always made president of the bank; and when in 1831 a hostile administration advertised that ten millions of its own debt would be reimbursed at the bank, at a time when the United States had only a third of that sum on deposit, the bank promptly paid in coin the unnecessary drain.

It also paid \$1,500,000 for its charter, and, from 1816 to 1836, \$75,000 a year for the privilege of receiving the government deposits and handling the government debt gratuitously. We believe that for the substantial counterpart of this same service the Government of Great Britain now pays its Bank of England about three per cent. interest on £17,000,000, and in addition an annual salary of about £190,000.

The withdrawal of deposits from a bank created expressly to receive them, made solely because President Jackson could not make the appointment of the president of the branch bank at Portsmouth, N. H., part of the political spoils of the victorious party, was an act so perfidious and reckless, in the depths of its partisan demagogism, that all Americans should bow their heads in shame when it is mentioned.

The two Banks of the United States made themselves centers of redemption, or virtually "clearing houses" for the paper money of all the state banks, as well as for the commercial bills they discounted. For lack of a similar service, the state banks, when left to themselves (viz., in 1812 to 1816 and in 1836 to 1860) always plunged into the fathomless morass of irredeemable or wild-cat notes, thereby bringing on the two bank convulsions of 1836-40 and 1854-60. The Banks of the United States, therefore, successfully reconciled issues of the notes of state banks with perfect and prompt coin redemption. They compelled at once an elastic and a safe currency. This combination of blessings has never existed in the United States since its government bank was extinguished. Since that time we have had currencies which were sometimes safe in some ways, but never in all ways. They could expand and after expanding burst, but they could not expand and contract in a healthy way twice a year, as the paper currency expands and contracts in England and in Canada.

When Mr. Gilman, therefore, disposes of the Bank of the United States as an experiment that has been tried and found wanting, he talks buncombe to the ignorance of the galleries, and not sense to the intelligence of the House.

Mr. Gilman's proposition is to erect the clearing houses of the various states into legal organizations, into which the banks clearing in them shall be federated, and into banks of issue, under the name of "clearing houses of issue," of which he provides that there shall be at least one in each state, and one for every district in which the clearings exceed \$200,000,000 annually. The notes which he desires the clearing houses to issue are, therefore, to be the notes of the entire association or group of banks, thus consolidated for the function of note issues into one association. These clearing houses are to be incorporated "either under the national currency act, or under the laws of any state or territory of which a majority [*sic*, majority of what?—ED.] shall be authorized under the national currency act." The clearing houses of issue are to have power to issue to such banks as are members, and as are short of currency, a new form of currency, to be known as clearing house currency, on the pledge or pawn with such clearing house of such "commercial assets, promissory notes, bills of exchange, convertible bonds and stocks, and other securities and evidences of debt," as the borrowing bank may deposit with the clearing house to secure its issue. The clearing house has, as assets to secure its loan of notes, first, the power to close out by sale the securities on pledge of which the notes were issued; second, to foreclose upon all the other assets of the bank to which the loan is made; third, to assess the other members of the association with their quotient of the deficiency, and, fourthly, if all the banks of one clearing house fail to make up the deficit, it may be assessed by the Comptroller of the Currency, through the various clearing houses of the country, upon all the banks of the country which organize under the clearing house system. But as assets to secure the redemption of the notes it issues, it receives from the borrowing bank no asset whatever, and not even its promise. The note is the debt of the clearing house and not of the borrowing bank.

The point at which the various banks are organized into the various clearing houses of issue, and these various clearing

houses of issue are finally confederated into a common liability for all clearing house currency issued, is that of legal liability for the clearing house note. The notes to be issued shall be in denominations of from \$1 up to \$1,000, as may be applied for, and shall be prepared by the Comptroller of the Currency, in styles and numbers adapted to general circulation. The currency in which the clearing house notes shall be finally redeemable (sec. 9) shall be either "clearing house currency, United States legal tender notes or coin certificates." The clearing house of issue may at all times loan to 75 per cent. of the estimated value of the securities offered.

No obligation of coin redemption is anywhere connected with these proposed issues. No design to withdraw the greenbacks, *pari passu*, as fast as the new notes are issued, is anywhere revealed in Mr. Gilman's bill, and the issuing power is as illimitable as the power of the people, by means of pen, ink and paper, to manufacture what are called "commercial securities." The experience of the country with the greenbacks and national bank notes abundantly proves that public distrust cannot take the form of demanding daily redemption of any notes which by their terms are always redeemable in other notes of the same kind and not in gold or standard coin. It becomes, therefore, a fair question whether Mr. Gilman's bill is not a project for unlimited inflation without any tendency or capacity of contraction.

In this regard it differs wholly from the clearing house certificates issued during the panic. Those were for circulation as between the banks and the clearing house only. Those banks, being in all cases responsible, would look upon them as bank debts and not as money. Knowing that they were all unauthorized by law, and therefore void if brought to any legal test, they would seek to use them only as pontoon bridges over the crisis. As the crisis subsided they were retired because they were illegal and inadmissible as a permanent currency.

Mr. Gilman proposes to break away from these moorings and to endow the aggregated clearing houses of the country with an illimitable power to issue paper money for popular use, with the annex, as to redemption, that when any of this paper money is presented for redemption, all that the holder can get

is another form of the same scrip. Of course such a provision as this protects it effectually from any presentation at all. It is like the provision that national bank notes shall be redeemed only in greenbacks. It insures their non-presentation to the bank issuing them for redemption, because every holder knows that there are 110 per cent. of government bonds deposited as security for the redemption of the bank notes, and nothing whatever is deposited for securing the greenbacks. Hence every national bank note issued forms just as permanent a contribution to the national currency as the greenback itself; so would every "clearing house of issue" note under Mr. Gilman's proposal.

The fact that the securities and loans, on which the clearing house issues the notes, are paid, will not bring back or retire the notes loaned upon them. Their course, like that of the brook, is "on and on forever." Nothing will bring back paper money to the fountain which issues it but coin redemption, or, as the bankers call it, "homing." This element, so conspicuous in the bill which Mr. Gunton advocated before the Banking and Currency Committee, is entirely absent from Messrs. Gilman and Fairchild's bill.

The proposed "clearing houses of issue" under the Gilman bill are not themselves banks. They have no capital; there is no fund which is primarily liable for the redemption of the notes issued; there are plenty of endorsers, but no original debtor on the note. The clearing house of issue does not owe it, because it issued it only to relieve a bank which has paid off its debt and stands discharged, and has had its securities returned, leaving no value to the clearing house to pay it for, or with. The particular bank to which the note is issued has a capital, and was liable primarily to redeem the loan and take up the securities and pay the debt it owed the clearing house of issue. All this it has done, and hence owes nothing. But this bank never assumed to redeem the notes themselves in which the loan was made. Those are the notes of the clearing house only; the Gilman bill gives no right to the clearing house which issues them to get them back for cancellation if it wants to. It provides that when the borrowing bank pays the debt for which the notes were issued, that clearing house may immediately advertise that it will redeem such

notes on demand. Redeem them in what? In "United States legal tender notes or in other clearing house certificates," *i. e.*, in the first link of an endless chain. Who will present any note for redemption in this manner when he knows that all the banks of the country are liable for its ultimate payment? Nobody! Hence advertising will not bring them unless something better than the note itself is offered for them. Sometime, if he waits for the general collapse of all paper money which will ensue upon a sufficiently unmanageable inflation, it will be redeemed either in gold or not at all. If in gold, what he has got is as good as anything; if in nothing at all, he makes no gain by presenting it for more of the same article; and without prompt daily redemption the ultimate goal of such an issue must be a collapse.

We are all the more forcibly impressed by the weaknesses of the Gilman bill that the precautions involved in the Gunton bill were not superfluous.

It is not a superfluous requirement that before the banks of the country, national, state or private, be set free to issue all the bank notes they please, they be first deprived, by a repeal of the legal tender law, of the power to make additional contributions to the volume of irredeemable money. Bank issues must remain restricted in amount and secured by government bonds until coin redemption is restored.

It is not a superfluous requirement that every bank note issued shall have some one bank primarily liable for its payment or redemption, and that such conditions shall exist that it will go home to that bank for redemption pretty soon after its issue. It is not a superfluous requirement that the central bank which is expected to redeem the note shall be brought into such relations with the bank which issues the note, that it can oversee and control its loans and protect itself by deposits of the "reserve" of the bank of issue in maintaining coin redemption. To this end there needs be something more than mere correspondent banks. There must be branch banks and a branch directorate, whereby every bank owns stock in its central bank and is directly or indirectly represented in its direction, and every central bank controls the official staff of its branch banks, and makes them officers of its own bank for every purpose of oversight and responsibility.

Finally, as we have elsewhere shown in this number, it is not a needless requirement that the greenbacks shall be retired. The notion that they are consistent with the existence of a sound currency, or that their presentation for redemption will stop when we again have a sufficient paper revenue payable in greenbacks, is not true. Therefore American financiers, if we really have any (and it would almost seem from the utterances of our public men that we have none), must keep on the lookout for a sound banking system as well as a sound revenue system. As they cannot have the latter without a thoroughly protective tariff, so it has not yet been made apparent that they can by any ingenuity have the former without establishing a system with a central bank and constant coin redemption.

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## Farm Prices Not Made Abroad.

BY HON. J. R. DODGE,  
Late United States Commissioner of Agriculture.

MR. D. HUTTON WEBSTER makes effective opposition to the Bounty Plan. His ideas are sound on the remedy, diversification, avoidance of hopeless foreign competition and extension of available lines of exportation, but he errs in assuming quite too strongly that "the limits of European demand have by no means been reached" on "cattle, meats, dairy products, tobacco, seeds, hops, fruits," etc., which now yield \$225,000,000. Meats cannot be forced on the continental countries, that are determined by every means of protection, including edicts of exclusion, to encourage ample home production, and Great Britain buys all she can use, less and less from us as Argentine and Australia increase their competition. So with dairy products, only Great Britain will buy, and Denmark and Holland and France beat us out of sight in the supply. Our cheese export has dwindled to a fourth of its volume, due largely, it is true, to dishonest adulteration, which we do not prevent as Canada does. It is absurd to say our tobacco exports can be much extended, as Europe produces as much as we do, holds a government monopoly on its sale, and controls and restricts both home production and foreign purchase. Hops are no dependence for exportation. Europe usually has ample home

production. There is a chance for exports of fruits, wines and various forms of minor production.

He is in error, too, in the broad assertion as a "fact," that "the price of all the farmer sells at home or abroad is made in Liverpool." The price of our hay, potatoes, market garden products, most of the fruits, bear no connection with Liverpool prices, as they are never sold there or in any foreign market. Nor is the price of our corn ever made in Liverpool, as 70 per cent. of all the maize in the world is consumed in this country, and only a trifle goes abroad; scarcely any when the price is high here; and this is our largest arable crop. Nor is the price of cotton made in Liverpool, for Europe must have it, and we produce more than all the rest of the world together; and Liverpool pays 6 cents when we pile up a surplus in European markets of three or four million bales, and from 10 to 20 when we reduce the supply. What nonsense, then, to say that the making of the price is in the hands of the brokers of Liverpool rather than in those of the planters of the United States!

He is also wrong in attributing to the English Export Bounty the sole influence in enlarging English acreage and creating a home supply of wheat. Its object, "to stimulate production so as to render it possible to raise at home all the wheat she consumed," was not attained, though he says "this was finally achieved as a result of the bounty system." From 1765, forty-nine years before the repeal of the bounty, the imports were greater than the exports, with the difference constantly increasing after 1775, as follows:

	EXCESS OF IMPORTS.
1765-74.....	880,619 quarters.
1775-84.....	605,747 "
1785-94.....	711,462 "
1795-99.....	2,349,830 "

In 1773, the import duties were reduced to admit a greater supply of foreign wheat. The production did increase, from increase of demand as the factory system was developed. In 1689, the product of England and Wales was returned at 1,760,000 quarters. Including Scotland, in 1760, Comber's estimate was 3,800,000 quarters; in 1773, a statement in Parliament made the product of Great Britain 4,000,000 quarters. I have the endorsement of the British Board of Agriculture for these facts.

Commercial writers and economists, getting their figures from commercial statements, often assume erroneously an all-prevading influence of commercial centers on prices. The truth is easily shown and indisputable, that the values of a large proportion of the agricultural products of this country are influenced little or not at all by the commercial movements leading to Liverpool and other foreign markets, having no connection with that movement or dependence on it; and most other countries are far less affected, because they have fewer exports seeking markets controlled by international competition. Indeed, the trading world, the middlemen, assume quite too much importance generally in making values for the agricultural production of the world.

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### Greater New York.

TRUTH compels the reluctant confession that the project for the consolidation of "Greater New York" has been pushed at Albany and elsewhere solely on the ground that unless consolidation is effected by 1898 the census of 1900 will show Chicago to be the leading city of the Western world in population. No claim of desire for better city administration is put forward as forming any part of the motive of the movement, and perhaps could not well be urged, without accompanying the project with some outline of what the plan of the charter for Greater New York is to be. Any exhibit of a plan of the future city government is regarded as not good tactics for those who desire the consolidation cause to win. The policy is "first consolidate, and then find out what consolidation means."

Assuming that annexation has for its chief motive to surpass Chicago in population in the next census, that object could perhaps most cheaply and safely be obtained by simply enacting that "for census purposes New York City should be deemed to consist of the present city together with all the suburban populations dwelling within fifteen miles of the City Hall, but this consolidation shall work no change in the local governments now existing within the area thus limited."

Indeed, for purposes of population this mode of annexation would be more efficient than the plan now pending, since the present plan would only bring the population up to about

3,195,000, while that above outlined would add to it Jersey City or Hudson County, N. J., with 275,000 population, Essex County (Newark), with 256,000 population, and perhaps enough of Bergen County to raise the entire addition to 800,000, making a grand total above four millions. This would carry New York past Paris and bring her into rivalry with London. It would be far more dignified to admit a desire to rival London than to confess to a fear of being outstripped by Chicago. Nearly as large a portion of the real suburbs of New York City lies within the State of New Jersey as in that of New York. As London extends into several counties, why should not New York extend, in name as well as in fact, into two States? It could easily divide itself into two districts, its New York and New Jersey districts, or eastern and western, or into three districts, Eastern, Central and Western, leaving the present city as the Central District. A provision that the taxes raised for local improvements in each of these districts should be expended within the district in which they were paid, and that the districts in question should remain as heretofore as to their State taxes, would probably be all that would be required to induce the assent of the New Jersey Legislature as well as of that of New York to such a consolidation of the entire Greater City with all its suburbs.

The agglomeration of jurisdictions thereby arising would be far less complex than in the metropolis of London, which arrives at one government as to Public Works, Police, Health, and Fire without merging ninety ancient systems of village or home rule in other respects, and particularly as to taxes, education and the poor. The Fire, Health, Police and other municipal functions would be improved rather than otherwise, by being performed in common and organized under one central authority. The Greater City would be freer rather than otherwise for having a political and legislative interest in both States, and an influence in both legislatures. Such a condition might pave the way for ultimately expanding this port and population into that absolutely Free City, which by the Dongan Charter it was solemnly covenanted by the British Crown that this city should be; a covenant which many good lawyers regarded as broken, when in 1854, by the Metropolitan Police Act, the city was for the first time ruled from Albany.

The constitutional difficulties could at the utmost merely limit the completeness of the consolidation by preserving the autonomy of the two portions held asunder by State lines, but such difficulties ought not to be greater than has attended the peaceful union of Austria and Hungary under one crown and imperial ministry, with two legislatures and two local cabinets, or than has attended the union of Scotland and England with one crown and one Parliament. If what we are after is the greatest city possible, let us have a city that in the near future will exceed London in population.

The selfishness which inspires Mayor Strong's hostility to the inclusion of Staten Island into the Greater City rests doubtless on the belief that much of the dock accommodations for vessels now pertaining to New York City would be superseded by massive docks which would be constructed on the sister island. Perhaps the general tendency of the movement might prove to be the gradual up-building of a city on Staten Island, nearer to the ocean, having better facilities for dockage and for connection with southern and western railways than Manhattan Island. Staten Island is much the larger of the two islands; indeed, is nearly twice as large as Manhattan. It consists generally of higher ground, and is, therefore, capable of being more effectively drained. The old connection through the East River and Long Island Sound with the New England states, and with the Hudson River towns, which had much to do with locating the great city on Manhattan in preference to Staten Island, and with locating the wholesale and banking business of the city itself on the southeast precinct of the city below Wall Street and east of Broad, has long since ceased to be relatively important. The wholesale houses have migrated twice to meet western traffic—once in 1850-57, when they came over from South William and Beaver Streets into Warren, Murray and Chambers Streets, and again in 1870-80, when they moved from Murray and Chambers Streets up to Worth and Leonard Streets. They are now moving up Broadway to meet the New York Central Railway and New England railways, which movement a removal of the freight depots of the Central from St. Johns Square would convert into a stampede.

On the contrary, the building of the two projected bridges across the Hudson River, one at Twenty-second street and one

at or near Sixty-ninth street, would tend to draw the bulk of the active merchandising of the city to the central West side, from Washington Square to Seventieth street. If, however, these bridges are delayed in building until after the Western Trunk lines are permitted to effect a junction with adequate docking arrangements and depots on Staten Island, it is difficult to foresee how large a diversion or division of population and business from New York it might effect. Diedrich Knickerbocker records the grief and disappointment of the early Dutch explorers at the fact that the first settlers on Manhattan should prefer that island, whose shores were on deep water, where docking out and making new land in the usual Dutch way by wresting it from the sea was so expensive, when they could just as well have had Communipaw flats, where they could have docked out for whole furlongs before reaching deep water. So it seems that New York set out by sacrificing first rate chances for docking to Communipaw, and now in its latter-day glory, it is about to waive an equal advantage in favor of Staten Island.

In any event, the future evolution of the metropolis will almost certainly be determined by the immense preponderance in value of its western trade, over every other, and the whole effect of this preponderance will tend toward shortening its lines of communication with incoming western railways by meeting them where they come in, whether this be done through bridges which bring them into the present city, or through extensions of the city to include their points of arrival.

There is an element of shrewdness in Mayor Strong's present objection to the inclusion of Staten Island in the Greater City. It would employ the funds raised by taxation in New York in building Liverpool docks on Staten Island, there to effect that junction between western railways, and the coasting trade and ocean steamers, which forms the chief source not merely of an annual revenue of twelve millions of dollars now derived by the city from its docks and markets, but of the very bulk of the exchanging which is done by the city itself as a whole.

Mayor Wurster and the Brooklyn legislators at Albany evidently fear that consolidation means for them something like what union with England meant for Ireland, and which union with Prussia in the German Empire has meant for

most of the minor German States. They dread the kind of progress that comes from being perpetually outvoted. They seem to pass from a majority into a minority, so far as New York may be capable of voting as a unit. This fear, however, not only assumes a somewhat improbable class of questions to be voted upon, and a unity of public spirit and policy of which New York City has always had very little, but it ignores the natural tendency of the greater area of the Long Island section of the future city, toward such a relatively more rapid increase of population as will speedily equalize the two in numbers. In 1830, Brooklyn may have had 2,000 people and New York 250,000. While New York has been growing six-fold, Brooklyn has grown nearly six hundred fold. Despite the lower percentage rate which attaches to larger populations, Brooklyn's future area being nearly four times that of the present New York, readily assures it a rapid tendency to equal existing New York in the near future. What Brooklyn politicians in both parties have a more solid reason to fear, will be the immediate extension of the Tammany Hall organization, which at most times forms four-fifths of the city government of New York, over Kings, Queens, and Richmond Counties. The exoteric or popular part of that organization, when confined to the existing city, includes a permanent force of three "committeemen" for each election district, and five for each assembly district, amounting to a standing force of somewhere from 8,000 to 12,000 men, of whom the Tammany General Committee numbers twelve hundred. The esoteric, initiated or secret order known as the "Columbian Order, or Order of St. Tammany," is a secret club which owns the property known as Tammany Hall, determines what is regular and democratic, and stands in the same relation to the outward organization as Thomas C. Platt, individually, is reputed to occupy toward the exterior organization of the Republican party in New York State.

Upon the Tammany Hall organization being extended over Kings, Queens and Richmond Counties, its local committees would stand enlarged from about 12,000 members to about 20,000, and its annual political patronage, in all the forms in which city revenues are expended, would rise from a mere sixty millions to a full ninety millions of dollars. While by

spasmodic means or hysterical popular convulsions it might lose its grip on the power and patronage of the two cities for one or two years out of twenty, its more intense and efficient form of organization would limit these exceptional spasms to short periods. During fully four-fifths of the time Tammany Hall would control a patronage rapidly rising toward a hundred millions annually. No ordinary Democratic convention elected at the call of a mere county committee would ever sit again in Kings, Queens or Richmond Counties. The Tammany general committee would be a perpetual convention, always elected and ready to come together at the call of its chairman to nominate candidates for office or declare what it would go for, and how much it required to satisfy its "highest end of politics—an organized appetite."

The certainty that the Tammany Hall organization will be formally extended into these counties as soon as consolidation occurs, in place of the existing voluntary democratic primary system, is a consummation toward which Brooklynites in both parties look with a dread that approaches terror. Brooklyn Republicans look on and wonder whether there will be enough of Thomas C. Platt to go around when he is spread over so much larger a territory, and is called upon to compete with a regular Tammany organization throughout the whole of it.

The conclusion forced upon us by the many-sided agitation of the Greater New York movement is that party manœuvring and local property interests have it in their keeping, almost to the exclusion of any impulse toward the better and wiser government of the great metropolitan population which it affects. We are not favored with any view of the schemes for better and cleaner city government, which may possibly be held in solution, and out of sight, under the foaming swirl and agitation of its rapid current. We do not know whether it contemplates a restoration to their pristine dignity and ancient strength of the honored boards of aldermen and councilmen, and proposes to invest the new metropolis with a city legislature worthy its importance as a commercial, manufacturing and banking centre, or whether it purposes to treat it as a sort of Bulgaria, to be presided over by the subservient satrap of an ultramontane Czar.

We do not know whether the consolidation is sought as a

preliminary to the consummation of vast schemes of local improvement, such as the perfecting of railway access to our city by bridges, and the restoration of our declining grain and cattle trades with the West by convenient grain-storage elevators, and by vast abattoirs like those of Paris, or whether the city, like the seaports of China, is to be a mere field in which licensed thieves shall be permitted in the name of taxation to steal all they can take without inciting the populace to armed rebellion.

We believe there must be in the long run a definite connection between a wisely planned charter for city government and a well-governed city. We do not believe in the permanent efficacy of personal impulse, or even of hysterical popular convulsions, as a means of amending a corrupt working of a city government which is doomed to failure and incompetency by its organic law.

Therefore, we would be glad to see some attention given to the constitution under which the expected metropolis is to work, provided, of course, it is to enjoy its liberties and is to govern itself at all.

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### An Industrial Crisis.

THE Lawrence Manufacturing Company, of Lowell, having decided to go out of the business of making cotton cloth, furnishes a text for the *Boston Journal* to editorialize in this lugubrious strain: "Is this the beginning of the end? Is it possible that Massachusetts' industries are on the downward path? If so, what is the cause and what the remedy?" Neither of the latter questions is difficult to answer. It must have been evident to Massachusetts manufacturers for some time that the making of coarse cotton cloth has got to go, and it is useless to grumble over the inevitable. This industry is bound to go to the South, where it belongs, and whither it can go with advantage to that section of our country; for it marks the beginning of a manufacturing development which will be of immense economic benefit. This industry will create a socializing environment greatly needed in the South, while at the same time it will supply the social wants resulting therefrom. The home market will be enlarged and a higher civilization be evolved. It is high time New England should be through with

the stage of manufacturing represented by cotton cloth. That industry is shifting its center; it will now go South, and ultimately may move on to Japan and India. The remedy for this loss, so far as New England is concerned, is to turn its attention to the production of finer goods; therein lies its future. Already has this been seen by leading manufacturing corporations, who have something besides the shopkeeper's outlook. As a consequence, they are changing over their machinery and preparing to do a higher grade of work. Wages are not going to fall, nor hours of labor to be increased. The economic and social benefits accruing from good wages and a shortened working day will not be sacrificed because of the temporary embarrassment resulting from the shifting of certain industries. The most effective economic force in society is invention, and by this means new products are being introduced which a diversified taste and a more complex social life make necessary. New England's hope for a continued prosperous industrial future lies in the supply of new commodities, which improved machinery will make possible. Exactly what the tariff did in enabling the American manufacturer to produce cotton cloth for the American market, that it will do, as we move up and produce finer fabrics. More and more will it be seen that the protection of the home market develops the socializing influences of the nation, affecting the standard of living and the wages of the laboring class. The country has had a bitter experience of the contrary policy, and the protective principle will be re-instated, whereby the New England manufacturer will be put on an approximate competitive equality with the foreign producer of high-grade fabrics. All that is necessary is opportunity for the development of new and higher manufacturing industries, and that can be secured through a protective policy. To the promotion of this, the statesmanship of this country is going to devote itself with increasing intelligence and steadiness.

The home market is ever to be the chief reliance, because that is the measure of domestic consumption, and more surely than anything else indicates the prosperity of the people. It is the tendency of civilization to make the industries of all countries depend more and more upon home consumption. It is not the wealth it exports which is any exponent of a nation's prosperity, for it may export largely and yet be very poor. The

wealth that is consumed, covering all that enters into social life, that is the real index of national prosperity. New England must increasingly diversify its manufactures and produce the finer fabrics for which there is growing demand. Inventive genius, devising improved methods of production will make this possible. In certain sections of England this transition has been witnessed, wherein more diversified and higher industries have superseded the simpler manufacture of cotton cloth. It is for the leaders of New England manufacturing enterprises to anticipate the trend of things, to discern the higher wants which will require to be gratified. It would be a sad confession to make, that New England can only produce cotton cloth. If that were true, then her doom is sealed, and the beginning of her end has indeed come. But there is no reason for discouragement; rather is there a call for wise and energetic effort to meet the changed industrial condition. The remedy for the situation is in the diversification of industries. New England's problem is one of readjustment, and when that has been accomplished she will be on a broader and more prosperous industrial basis than she has ever been in the past. Increasing desire is prophetic of social progress. More wants means a higher standard of living, and that portends increased consumption, which in turn will necessitate enlarged and more varied production. We have by no means reached the limit of our manufacturing productivity, and hence, sagacious foresight and adherence to the policy of protection secures for all our great manufacturing cities a sure future.

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### Specialization of Function in Women.

BY HARRIOT STANTON BLATCH.

THERE is a theory that women, in consequence of our industrial system, are undertaking for the first time various kinds of arduous work. With this theory is linked the conviction that the hard work of the world was once done by men alone. But, on studying the past, we find those "good old times" never existed. In support of the ideal of leisure for women, there is not a single ancient fact nor modern instance. With the development of machinery there has come no change in the sex of toilers, though there has come a change in the place where

some of the world's production is carried on. Spinning and weaving, brewing and candle-making have now left the home and gone to the factory; with the growth of kindergartens the teaching of even little children has left the home, and women have followed *their* work. There is a given amount of labor to be done, and women ought to shoulder their share; and the majority of them have borne their part of the burden. If most women need more leisure than they get to fulfill their maternal functions, they will apparently have to gain it, not by shifting burdens to the over-weighted shoulders of men, but through the economy of labor which would result from co-operation in their special "sphere." The crux of the difficulty is not that women have changed in some trades and professions from unorganized, unpaid workers in home industries into specialized and paid workers, outside the home, but that they have not carried specialization far enough. In fact, the need is the *professional* woman everywhere. Professional work means paid work, which in turn means the emancipation of the worker. The woman's "cause" is probably a question of dollars and cents, and is not to be won solely by right to vote and hold office, or by freedom to enter every profession and trade, or by securing a fair wage or a shorter working day. The pivotal question for women is how to organize their work as home-builders and race-builders, how to get that work paid for, not in so called protection, but in the currency of the state. Married women's property laws, marriage settlements and alimony are makeshifts, if not steps in the wrong direction, for they concern merely women of the well-to-do classes. Financial independence cannot be secured to the majority unless our homes are so systematized that each woman becomes a professional, producing a marketable commodity, instead of being, as now, an amateur, playing more or less feebly with a variety of trades. If each woman remains the producer, so to speak, of her own bow and arrow, the angler for her own food, the fabricator of her own wigwam and blanket, she may lay up in return for her self-sacrifice treasure in heaven, but will get little cash down in this world.

Let us consider the effect lack of specialization has upon the lives of employed women. In a classification of the female population of any country the handful of rich women who have

no employment other than organizing servants, social functions and charities, can be omitted. Speaking broadly, women fall into four divisions: those employed in professions, in trades, in paid domestic service and in unpaid domestic service. Now the diffusion of effort over paid and unpaid work, or over the various departments of home service, is not only a severe strain upon the energies of all four classes, but distinctly lowers efficiency both in gainful pursuits and in the family itself. The class which is capable of the greatest concentration is the professional. Probably this is the reason why the percentage of women to men in professional lines is higher than in other pursuits outside domestic service, and it is certainly the reason why the work is more satisfactorily performed and as well paid as that of men. Professional women take up a career for life, for it is comparatively easy for them to continue their work after marriage, belonging as they do to the class which can command the service of other women in the home. But as this form of co-operation is becoming more difficult and unsatisfactory, the "help" problem is one of the questions which the professional woman will have to solve in the near future.

The evil effect diffusion of energy has upon the lives of the women of the poor who are in gainful pursuits, cannot be exaggerated. In the East End of London, the maximum wage received by women in different trades of greatly varying skill is almost identical. The woman bookbinder, for example, and the match-girl earn the same wage. The reason is that the bookbinder belongs to a social grade in which the neat-fingered women folk can do simple millinery and dressmaking, and the parents are rich enough to allow their daughters to work for "mere pin money"; while the socially inferior match-girl must concentrate her force and work for a living. These were the reasons why thousands of women, before the foundation of the Woman's Exchange in New York, were doing art and fancy work for pay as low as that of the hands employed on ready-made clothing. The worker, especially if unorganized, is sure to be cut down to just what existence demands, and if one whole class of workers, when compared with another, as for example, women with men, is able to live for less money because of the many things it will do for itself instead of hiring done for it, its wage falls in proportion. Workers are not judged

individually, but as a class; therefore the lack of concentration in the average woman affects the estimate of even the most capable. Wherever women take industrial life seriously, they secure a better position. Their exceptional strength in the textile industries, both in England and America, is due to their continuing their industrial career after marriage, to their thorough training and to their having been in the trade from its rise. But even when trained, the female operative often allows certain parts of her work to be done for her. It is a rule for women not to do the fitting and pressing in tailoring shops, not to sharpen their tools in vulcanite factories, not to lift the "forms" in printing-offices, and not to "tune" their weaving machines. The employer gives a high estimate of the cost of this delegated work, and lowers correspondingly the woman's wage. In every case she might perform the work, which is not so heavy as many tasks in the domestic circle. The average baby weighs at birth seven pounds, and does not walk till its weight is twenty or twenty-five pounds, but I have never heard that one man is told off, to every three or four mothers, to lift these babies. So, perhaps, we may hope that women will yet exhibit in their gainful pursuits a moiety of the muscular vigor shown in the seclusion of the home.

To emphasize the opposition which men may have to our progress will not in the least blind the well informed to the fact that our chief stumbling block is our own conception of our lives. Now it is generally held that woman's place is home, that all women prefer domestic life, and that they are all by nature suited to preside adequately over its various departments. These opinions are based on impressions, and, like all such opinions, are held tenaciously. During two years I have been collecting information about the desires of married women wage-earners. I began inquiries among the employees of a large clothing factory. A careful canvass showed that most of the women worked from a desire for independence, and not, as is supposed, because their husbands were unemployed. The majority of the men were earning wages above the average of the neighborhood. Only half of the women preferred domestic work, and in every case expressed a decided taste for some *one* department of housework or care of children. Most of the others were about equally divided between a marked prefer-

ence for factory work, or the combination of factory and house-work. The statistics I have been collecting in Yorkshire bear similar testimony to diversity of gift and taste in women. It may be perverse in lowly wage-earners to show individuality as if they were rich, but apparently we shall have to accept as fact that all women do not prefer domestic work to all other kinds, and none of those who do show equal skill in all its departments. The insistence that women on marriage must become homebuilders deeply affects the economic position of the whole sex. When a laborer belongs to a class which usually changes its trade in the middle of its career, he cannot command the wages or promotion of a person belonging to a class of permanent workers. Common sense refuses to treat seriously the economic position of a person who will be found using a paint brush in decorating china one day, and the next manipulating a scrubbing brush in the isolated home. But with home-building organized women could concentrate whatever energy they must give to work, on the trade or profession they at first adopted.

But I do not wish to be understood as advocating such organization for the sole purpose of making an industrial career easier for women. I would emphasize rather that to the house-wife and mother, more than to any other class of employed women, does lack of specialization mean a serious handicap. First, it must strike any one who gives thought to the matter that motherhood and homebuilding are two different and even antagonistic employments. Who has not noticed the breath of liberty it has been to some woman, once poor but afterward able to command the services of other women, to find that her motherhood was no longer chained to housewifery? And there must be some way to end for all women the unfortunate union of cradle and frying-pan! Still further, in home-building itself specialization is needed. The only isolated home that can pretend to a passable performance of its functions is that in which the family income is large enough to command paid service. Then the cook is one who prefers cooking to housework, who has chosen that line of work, and has had training in her trade. The same is true of housemaid, laundress, housekeeper, nurse. But, in at least 7,000,000 American homes, not even a maid-of-all work assists the housewife.

With the truism that it is vital to a nation's existence to have home and children cared for, we must agree; but it is to make facts wait on fancies to suppose this can be attained so long as in over half our homes one woman, single-handed, is attempting to perform various and conflicting duties. I often wonder that the consequent waste and bad workmanship do not strike hard-headed business men. For instance, to mention one leakage, the retail buying of the world is done almost entirely by women. For this work we have had no training. And if we were all put to learn, many of us would turn out failures. I do not wish to judge all women by myself, but there are a certain number who are like me in never having laid out a dollar to the best advantage. Like me they go to the school of experience, but there being no gift for buying in us, we gain no wisdom. Now, I know all the pretty masculine witticisms about woman's love of shopping; still, I much doubt, if we ought to sacrifice for a subject of wit even, an enormous amount of wealth. I do not wish to question the adequacy for the work of the home, of any particular woman; I only wish to point out the absolute impossibility of efficiency in at least 7,000,-000 homes, and the difficulty of efficiency in, say, my own home. Further, I would remind the happy possessor of a home, where everything is so organized that the falling ill of one or even two of the "helps" does not in the least interfere with the smooth running of the domestic machinery, that the perfection of her home is attained through co-operation with other women, and not through her own unaided ability, however great that may be. Again, I do not question the satisfactoriness of the homes of professional women, political, artistic, literary women, when I declare that whatever merit they possess is largely due to the fact that the actress when on the stage, the doctor when by her patient's side, the writer when at her desk, has a Bridget to do the homebuilding for her. It is because the professional woman seems never to have recognized that it is her co-operation with other women which has given her freedom to specialize; it is because the great movement for the emancipation of women has remained so completely a well-dressed movement, that it has been possible to ignore the disastrous part unspecialized work has played in the lives of most women. Side by side with the marked im-

provement in the condition of the well-to-do or educated woman, our century shows little or no progress in the condition of the woman of the people. How to be free to do the work for which she has a gift, how to do her work efficiently and gain independence, and yet satisfy her maternal instinct and love of home, is a problem difficult of solution for the professional woman, and insoluble—under present conditions—for the household drudge and the women of the poor. On the other hand, were there organization in woman's sphere, we should see the woman cook working up to the position of *chef*, the operative into positions of highest skill and trust, the little nursery-maid into the trained woman, knowing scientifically how to feed and clothe a child. Such results, far from laying an extra burden of work upon women, far from depriving them of strength and opportunity to perform their work as mothers, would husband their powers and save them from the dispiriting effect of diffused and unfruitful effort.

But, it is objected, would not such organization involve delegating the care of children to others than their mothers? To which I reply that the first steps in motherhood—physical motherhood—do concern entirely the relation of a particular woman to her offspring; but the wider duties to our children demand, if those duties are to be adequately fulfilled, that we should profit by the contrast of talent and character in women. Some are fitted for one side of child-rearing, others for another, while some again are fitted for one of the many departments of home-building; others for work quite outside the home. Those who advocate entrusting a child absolutely to its own mother must have either too exalted an idea of feminine capacity, or a very low idea of what constitutes rearing a child. We can trust the squaw to rear her papoose, but as civilization demands finer citizens than savagism, we should lay aside primitive customs. Every woman should feel that her work as a mother cannot be complete unless she co-operates with other women. It takes the co-operation of many men to produce a steam-engine, and it will require the co-operation of many women to "rear" the civilized child. In a recent number of the *Fortnightly Review*, Professor Sully ably advocates the new study of child-nature. He points out the obstacles the student of children has to encounter in the "prejudices" of the "average

mother." To me the chief merit of the article is, that it may do something to lessen the good opinion which average mothers have of their abilities. Blessed will be the day for the race when the average mother becomes broad-minded enough to own that, though she may bring into the world well-balanced children, she must, for very love of them, leave their rearing to those with trained talent for the work, while she makes beds for the world or plays the violin at our concerts ! When the mothering of children has become a fine art, the physical side of maternity will be seen in its simplicity, not as an insatiable monster ready to devour every energy of any woman who approaches it. Natural law, it is true, imposes limitation, but the binding of child-bearing up with race-building, in all its complexity, and home-building, is not natural law, but only a survival of the necessities of savagism.

To sum up, then—for the efficiency of the work, no less than the good of the workers, is the specialization of function among women imperative. Diffused effort means bad workmanship and discontented workmen. Were the modern idea of division of labor applied to women's work everywhere, those women who choose an industrial career would be able to concentrate their powers ; those who follow a profession would be able to give to their work their full energies ; those who choose to be home-builders would handle their work as trained professionals, and, above all, those who rear our children would follow the career of their choice with as much enthusiasm as ability.

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### Our American Proletariat.

To THOSE who are observing carefully the trend of social evolution there are certain menacing conditions. The only safe development of social life is that which results from wholesome desire for betterment. To desire things is the first real step in social progress. A certain amount of discontent lies at the basis of all attempts to improve the environment. It is therefore a hopeful sign when the poorer classes want more things. A dull, heartless contentment with a confessedly low condition is the antecedent of despair. It betokens an unimprovable situation. If a man does not want enough to be willing to

struggle to gratify it, he will never make any progress, for no wants means no advance. That is why it is of such economic importance to stimulate and broaden our desires. The only places in the world where there is no social improvement are those where there is no social movement, where static conditions rule, where what has been is accepted as what inevitably must continue to be. The only cheering symptoms in society are where there are personal and collective yearnings for a larger life; where better homes and food, better amusements and better educational advantages—in a word, a better environment, is the craving; for this portends the effort that will ultimately secure it. That is the line along which social evolution should proceed. The greatest and gravest problem of the hour is how to raise the standard of living; how, therefore, to augment wages, and so enlarge the opportunities of life. The gratification of human wants, desires and aspirations is the controlling element in all social progress. The law of interdependence obtains now to such an extent that the welfare of all is identical with that of each. It was really the utterance of an economic truth where the poet says:

What one is—  
Why may not millions be.

The real worth of a civilization or a religion lies in the breadth of its influence; they must aim to reach and save all. At present we are confronted by a movement the very reverse of all this. Instead of a steady and ever broadening effort to raise the standard of living, we are encountering efforts to make possible the very lowest phase of life. Nay, more; we meet with charitable and commercial enterprises to make not only practicable this low standard of existence, but even to make it respectable. Right here lies the social danger of this movement. Instead of mitigating the hardships of a crude semi-civilized life, we ought to augment them. We do not want to cheapen life, nor encourage a grub state of existence. The nearer animal-hood any portion of society is allowed to keep, the worse for it. It involves arrest of improvement and tends to perpetuate what should be tolerated as, at the most, a temporary condition. Every undertaking to make low living reputable is an economic blunder, a social peril. It is never safe to cater to a

decadent life; we want rather to make it disreputable. The facts, however, in our large cities, go to show that we are encouraging and perpetuating a proletariat. This is the first and obvious result of cheap lodging-houses, of nickel-meals, of all devices to cheapen living. We are attracting to the cities the vagrants and tramps, the idle and vicious, by making it possible for them to subsist on a minimum of cost, and to do so with a sort of quasi-reputableness. Already we have a large fifteen-cents-per-night population.

Efforts to supply model tenements to the working class is an attempt to stimulate home-making and rests on family life. This is a moral and economic movement, and is deserving of all the helps that can be given by municipal co-operation. But the lodging-houses are not promotive of family life, and that they are commercially profitable only shows that we are developing a class that in poverty and moral degradation we supposed we should be free from in a country so new and full of industrial opportunities as is ours. In Great Britain and on the continent these houses are under police surveillance and careful sanitary inspection. With us they are multiplying, and are becoming the abiding places of criminals, professional paupers and election floaters. In New York we had 112 licensed lodging-houses, accommodating 15,233. They vary in prices and in accommodations, ranging as low as 10 cents per night and as high as 25 and 35 cents. Some have baths with hot and cold water, while the larger number, especially of the cheaper ones, have none. Some 35 have saloons in the same building, and 22 have saloons adjoining on one side. Many are filthy, the breeding places of disease, and for that reason a menace to the public health. Undoubtedly they are the enforced homes of some who once were in better circumstances, but have become socially and financially wrecked, and have no other places to go. But all transiently stranded, if they have not lost their sense of self-respect, will escape from them as speedily as possible. They are with us as yet largely winter resorts for those who in milder weather resume tramp life and do just as little work as possible. The city of Glasgow tried, with great success, the experiment of establishing its own lodging-houses. This was done to relieve the congested condition of the tenements, and to provide for a large floating population that was previously

accustomed to find lodging in the wretched abodes of one-room families. Being under strict regulations and furnishing better accommodation than the smaller lodging-houses, they have, through the natural competition engendered, largely extirpated the latter. They have raised the standard of life in the lodging-house, and in this way excited a wholesome influence. If lodging-houses in American cities have come to stay, then the only safe and economic policy is, by strict police oversight and sanitary rules, to make the lower-priced lodging-houses unprofitable. Mammoth model lodging-houses, such as we hear are projected in New York, could by their better facilities and higher standard of living make the inferior and uncleanly ones unremunerative, and thus oblige them to close up. The principle we contend for is, that if these lodging-houses are a necessity, then make the cheap and filthy type impossible to exist, and let the model lodging-house on a paying basis push up the standard of living, and thus compel the others to follow suit. Men are not going to a ten-cent house if, for a trifle more, they can get better accommodations; and if sanitary regulations make the cheaper type unremunerative, then we may look to see the pig-sty style of abode eliminated. The pauperized peasantry of the Old World, drawn across the ocean by the force-pump of immigration, is what is steadily swelling the ranks of the proletariat. Accustomed to subsist on far less than what in this country is a living wage, they introduce the habits and standards of their nations amongst us, and constitute the nucleus of the class known in London as "the submerged tenth." Temporary relief for the destitute and unemployed is in our judgment wiser than to make a type of existence possible here that is incompatible with self-respect, cleanliness and virtue. More work and better wages is the way of escape from this deterioration of life; less charity and more earnings; a stern war against dirt and its accompaniments, and a crusade in behalf of every agency likely to improve city tenements, and to facilitate access to suburban homes for the wage-earning class. This is a large question, and as economists and patriots we have to meet the problem involved. The "free soup-house" style of relief can only be justified in great emergencies, and a standard of life only a slight remove from this is in the long run morally deteriorating. Cheap restaurants are bad enough, but

if their cheapness is made possible by a concealed element of charity their influence is degrading. Thriftlessness, indolence and loss of self-respect are thereby fostered; so comes that feeling which underlies pauperism, "that it is the duty of society to support those who are idle and culpably inefficient." We need more drastic measures in efforts to stay the growth of this proletariat, and especially do we need a stiff resistance to all efforts to lower the standard of living and make it at the same time respectable and remunerative.

Every attempt to establish ten-cent lodging-houses and five-cent-a-meal restaurants by philanthropic organizations and quasi-charitable methods is, in the long run, an injury to the very class it is designed to help. It tends (1) permanently to establish a lower standard of living and an inferior estimate of social life; (2) to the extent that this succeeds it creates a permanently depressing influence upon the wages of American labor, and (3) to increase the inducement to transfer the European proletariat to the United States, and thus add to the influences which lower the social character and standard of our civilization.

Instead of thus promoting the forces which tend permanently to degrade the social life and lower the wages of American laborers, and increase the inducements for the poorest type of immigration by making social inferiority profitable, true reform should begin by establishing an effective restriction of immigration to this country, followed by vigorous use of state and national legislation to promote all the conditions which tend to raise the standard of living of American laborers.

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## Political Revolution of the South.

BY PROFESSOR JEROME DOWD.

THE breaking up of the Solid South is an interesting and important fact. While the Democratic party has lost control in only four States, the old order of things is completely broken up. In North Carolina not less than 40,000 men have left the Democratic party, and the "slump" in other states bears about the same ratio to the former Democratic strength.

The disruption was not due to a division of sentiment over

any particular party issue. There was no difference on the tariff between the Democrats and the Populists, except the Populists called that a side issue. There was no real difference between them on the money question. Both parties advocated free coinage at the ratio of 1 to 16. The Populists charged the low price of land and products to the alleged contraction of the money volume. The Democrats occupied the same ground, and a majority of them to-day believe that the per capita amount of currency has been continually decreasing since the war. At first free coinage was the great panacea of the Populists, but when they found the Democrats in the same boat with them, they declared that free coinage would add only 25 cents per capita to the circulation, and was of no account. The Populists went further and advocated fiat money, more as an excuse to pick a quarrel with the old party than anything else.

Another evidence that party issues had little to do with the revolution is to be found in the indifference of the Alliance people to the contents of their own platforms. When their demands included tariff reform all the Alliance men seemed to be well pleased. When, at a succeeding annual meeting of the order, the tariff issue was omitted, they endorsed the platform with equal unanimity. When the plank demanding government ownership of railroads was changed to government control, there was apparently no dissenting voice. The farmers did no thinking for themselves. They sent delegations to their national gatherings who were without either instructions or convictions. The annual meetings were under the domination of a few thorough-going demagogues whose chief object was to frame demands that would not meet the approval of the old parties. The Alliance men adopted whatever demands these men handed down. They accepted the demands more as an expression of opposition to the old parties than as an embodiment of their own views on the issues of the day. The Sub-Treasury scheme was loudly advocated until the farmers had been safely cut away from their old moorings, then the absurdity was discarded as of no further use.

In the last campaign in the South the populists were indifferent to all party issues. They refused to listen to Democratic speakers and cared not a whit for what they had to say about tariff, currency, or anything else. It was perfectly evident

that the revolution of the South did not arise primarily from any contending over party issues or policies.

It is quite the fashion with many Democrats to account for the new movement on the ground that the people have simply been misled by designing men. But that will not do. It is preposterous to suppose that any combination of schemers are ingenious enough to conceive and bring about such a change solely by misrepresentation of facts. Of course falsehood and misrepresentation entered in as propelling forces. But these alone could not have accomplished the result. As well might we say that the French Revolution was achieved upon fictitious issues and that the economic and political condition of the country was not the real cause.

The revolution of the South is due mainly to one fact, and that is lost faith in the old parties and their leaders. The farmers, who have been going from bad to worse under a very oppressive system of taxation, both state and national, and obtaining little or no relief from their party even when it had power to act, have determined to have a new party of their own making. They believe, more firmly than any other class, that great wrong underlies the distribution of wealth. Notwithstanding that the national wealth has been doubled in the past thirty years, they are convinced that a comparatively few men have, to a great extent, monopolized the sources of that wealth, consigning many hard-working people to a state of poverty and helplessness.

They believe that the great inequality of wealth in the United States is not due to the superior service rendered to society by those who control the wealth, but that it is due to bad laws, vicious taxation (national, state and local), stock-jobbing, and unbridled and unprincipled corporations. The people of the farm and the workshops view, on the one hand, great wealth—a few living in luxurious mansions, giving costly entertainments, wearing fortunes in diamonds, riding behind fine horses, and by their side are poodle dogs that are better fed and housed than many of the proletariat, and otherwise making an ostentatious display of riches. They read of the easy-going life of those who are born rich—a class wholly absorbed in pursuits of pleasure; indifferent to the welfare of those whose toil makes such luxuries possible; oblivious to the fact

that much of the wealth of the world, whether gained in trade, transportation or manufacturing, represents the life-blood of human beings. Even the richest people are willing enough to admit that a public office is a public trust, but they are reluctant to visit condemnation on the owner of an estate who acknowledges no public obligations, and gives over his life entirely to pleasure! The masses read of another class who have grown rich by copartnership with the government, which reaches its fingers into the pockets of one citizen to enrich another. On the other hand, the masses view around them on the farm and in the shops numberless fellow citizens working in a state of dependence, enjoying few of the blessings of civilization; their wives and children doomed to a treadmill existence, and haunted by the fears of going from bad to worse. They look at first with envy at those who sit at life's banquet table, but that envy soon curdles into hatred. When they think of legislation as a means of relief, they find little to encourage them. They see the lobbies of Congress swarming with manufacturers who are asking and receiving favors under either Democratic or Republican rule, while the poor men on the farm far away continue their tedious round, already tax-ridden to the limit of endurance. As a result of these facts, the farmers and wage-earners of the South have concluded that the government is under the domination of the rich, the manufacturers, the trusts and the bankers, and that the tillers of the soil and the day-laborers are only the burden-bearers and underlinings of a plutocracy.

Another potent factor of the revolution is the growing consciousness of lost independence. Formerly the farmers of the South were the most independent people in the world. They raised all the home supplies, and with the proceeds of their surplus crops obtained ample money for living comfortably and educating their children. Now the division of labor and cheap transportation have restricted the number of commodities which can be produced at a profit. The farmers no longer find a remunerative market for their beef and pork. The Western meat is much cheaper. Flour and corn, oats and hay, also come in from other States and cramp the local market. The old homesteads are going to rack, lands are washing away, and the young girls and boys of the farms are

hastening to the towns and cities. Whole families are abandoning the farms and seeking employment in the mills and factories. Those who remain behind feel deeply humiliated at their growing dependence. The farmers find the railroads that transport their products in combination, and able to levy as much tax upon any article as it may bear without being driven out of the markets. They find nearly everything they buy at the stores burdened by a tariff tax and controlled by a trust whose object is to give as little to and get as much from the consumers as possible. Many of them are reduced to the necessity of mortgaging their stock and farm effects in order to obtain food supplies to carry them through the winter season.

The third great factor of the revolution is the change of temper and ideas of the farmers brought about by the changed economic conditions. The farmers at one time were the most conservative class in the South. While they were independent themselves, they opposed the idea of any government interference with the affairs of trade and transportation. They held out for the idea that each man should do as he pleased with his own. But as their independence began to disappear, and as they began to find trade and transportation assuming the character of huge monopolies, their conception of the duty of the government also began to undergo a change. The establishment of railroad commissions throughout the South is due entirely to the pressure brought to bear by the rural population.

The Anti-Trust laws are also due chiefly to the sentiments of the farmers. Formerly the farmers were the most pronounced advocates of the principle of non-interference by the government. Now the dominant idea among them is for government legislation on a large scale. They have experienced a complete revolution in their political conceptions. While this change has been taking place in the country, and among the factory people and small traders, the cities with their growing wealth and independence have become more and more conservative. A conflict between the opposing ideas was inevitable. The conflict has reached the highest culminating point in South Carolina over the State Dispensary System, where all the cities are violently opposed to it, and all the country population stoutly uphold it.

The Democratic party held sway so long in the South that

it had become bigoted and intolerant. While the suffering proletariat class was debating the changed economic condition of the country and proposing remedies, the old leaders of the party and the little witlings set to work to denounce every idea and proposition which was not mossed with age, and to characterize the author as a revolutionist. To dub every new idea as anarchistic, and to impeach the motives of one who ventures to think along a new line, is the stock-in-trade of old partisan hacks and their young toadies, who oppose every change and believe that all good exists in the past, and that all present evolutions presage only calamity. A marked spirit of inquiry has prevailed in the South among the farmers, and the liberally educated people of the cities for the past twelve years. The people representing this spirit naturally rebelled, and fell out of sympathy with proscriptive methods and the effort to throttle freedom of thought, and to intimidate political action. A proscriptive policy is always a foe to progress. It stifles free inquiry and shackles the mind. In South Carolina the attitude of the conservative element toward every new proposition has been blind opposition. In a country where new ideas are not encouraged and welcomed, the people are but herds and flocks in servitude. The new movement in the South received a powerful impetus from the intolerance and bigotry of the moss-back element.

The South is deficient in that class of people which is found in all highly enlightened communities, to wit, people who neither believe that all truth is in the past, nor that every change is an improvement—people who realize that institutions and ideas develop by a process of evolution, who display a spirit of toleration towards every honest effort to find truth and are willing to investigate things for themselves with a frank and inquiring turn of mind. This attitude is the dictate of intellectual culture, and this class is the salvation of any community against stagnation on the one hand and reckless change on the other. There are a few men in the South of commanding positions who belong to this class, and they are conspicuous because they are exceptions to the rule. It is alleged that the Populist organization is only a class party, which has been built upon the prejudices of the country people against the town people, and the poor against the rich. It cannot be denied that the Populist

party is a class party. Those who justify the existing state of affairs and who sympathize with the privileges of the rich as naturally drift into a class party as do those who buffet with poverty and sympathize with its sufferings. The rich, the educated, and the cultivated classes, being remote from the commonalty, are too apt to have their sympathies alienated from them.

The Populist party is indeed a class party. Therefore, one may see why the contents of platforms are of so little concern to them. Their own platform is only a flag that unites common sufferers and sympathizers. The class feeling is so strong that a farmer who is other than a Populist is looked upon as a traitor, and a clergyman in a country community who is other than a Populist is regarded as an ally of oppression. But alas! many of the leaders are now applying the proscriptive methods who formerly were among the first to snarl at the party whip. Populism is simply a protest against existing conditions and an expression of lost faith in the ability and willingness of the old parties to deal with modern problems. Populism, indeed, offers no adequate solution to any political evil, has no definite policy, except such as may be summed up in a desire for wholesale legislation; and this fact accounts for the eagerness of its members to chase rainbows and follow untried leaders. A great many people still look upon the new party as only a comet—something soon to pass out of view. But not so. The new movement is permanent. The farmers will never again ally themselves with any party which does not advocate a large amount of government control over production, especially such as pertains to railroads, telegraph companies, etc. If it is true, as scientists inform us, that all progress is from the homogeneous to the heterogeneous, political parties must necessarily disintegrate and multiply with the advance of civilization. This tendency is well illustrated in the rise of new parties in Great Britain, France and Germany. The extreme conservatives of the Democratic party in Southern cities are akin to the Republicanism of the North, while the rural Republicans of the South are akin to the radicalism of the rural Democrats of the South. The large manufacturing interests developing in the South will tend more and more to bring the Republicans and conservative Democrats nearer together. Upon the whole, there is no prob-

ability that the old party lines will ever be drawn again. The appearance of this new luminary in the political sky is not necessarily an augury of approaching calamity. It is a safety valve for violent passions, and it forces the other parties to move forward. Some real advantages are already apparent. For instance, a higher order of talent is being drafted into the avenues of trade, manufacturing and transportation. More talented men are entering the ministry, journalism and the field of education, medicine, etc. Formerly every young man of talent hastened into the profession of law, and hoped to round out his career with a term or so in Congress. Now the wrecked condition of the Democratic party discourages all young men with political aspirations.

The writer has noticed within the past two years a growing tendency among the graduates of Southern colleges to take University courses North or abroad. The literary awakening in the South within the last few years, as seen in the rapid organization of clubs and libraries, is one of the most remarkable facts connected with her progress. Amidst the confusion of parties in the South, I think, may be discerned a quickening intellectuality, and the dawn of a higher civilization.

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## Non-Partisanship a Municipal Necessity.

BY D. H. BOLLES.

IN THE discussion of this issue it is indispensable that we ascertain at the outset the true office of a non-partisan policy. Non-partisanship is not a surrender of the essential principles of either or any party. Its ambitions do not reach out to the accomplishment of political results either in the nation or the state, but only to municipal issues. Parties are, at least in our own land, absolutely essential to a healthy national life. Upon every citizen rests the imperative duty to belong to some party.

The American man in his exoteric relations is an actor in three phases of associated life—the family, the neighborhood (or municipality), and the state (meaning as well the nation). In the last of the three phases the average man is a practical nullity, incompetent to discharge his duty to the state, except

in combination with some millions of associates. But in the first, as a head or inmate of a family, he stands, as regards the performance of duty, isolated and alone. None can share his functions or obligations.

But how is it with the second or intermediate sphere? In this it is clear that he incurs obligations, some of which are purely individual, while some find him, in common with his neighbors, corresponding naturally with his interests, a portion of which are strictly personal, while in others his concern is identical with theirs. With which of these obligations and interests, or either, has his party to do, through any legitimate authority on its part or any debt of loyalty on his?

We answer unhesitatingly, none whatever. The party was organized and is maintained to accomplish distinctly national results. The nation is its proper field of endeavor. Its platform, in so far as it is distinctive and characteristic, is simply an elaborate statement of its position on national issues. Even its jurisdiction of the State, and certainly of the subordinate localities, is incidental, but as national results can be achieved only through the votes of the citizens in those precincts, its resort to them is necessary and therefore confessedly lawful. And the municipality itself, so far as it is tributary to the party endeavor outside of straitly municipal interests, may properly be made a subject of party contention. But there we draw the line. The party can interfere in a city election, or with the administration of its proper city functions, only by a usurpatory stretch of power.

What would be the sentiment evoked, in the event that the delegates of either party, in National Convention Assembled, should nominate a ticket to fill the elective offices of the City of New York? It would (if the act of a Democratic Convention) stir even Tammany Hall to open rebellion. Yet, if municipal politics fall within the proper purview of party action, wherein could lie the wrong? And if it is in any sense a party matter, why not prefer the representative sagacity of the whole organization to the dubious preferences of a local and (comparatively) insignificant section of it? And if it be claimed that in this case the part is greater than the whole, and that the New York City wing is vested with exclusive jurisdiction, whence comes the prerogative? If conferred, either expressly

or by implication, from the party, the party can justly and authoritatively revoke or resume it. If the party is not the source, then it is quite clear that any attempt of the self-assertive local segment, or its chiefs, to draw the party lines, to fulminate a *quasi*-party ticket, or to denounce as deserters those of their associates or followers who refuse to comply with their dictation, is a downright usurpation. That citizen, whether Democratic or Republican, who, in a municipal contest, votes and acts disregardful of party behests, deviates not from his loyal duty to the party of his choice. The legitimate lines of party action stop when they touch the municipal boundaries. Within those boundaries he is free to speak, act and vote.

Two facts we may assume. 1. The body best fitted to administer the affairs of any municipality is its own citizens, just as the person best qualified to manage the interests of any man is the man himself. 2. The poorest possible curator of a municipality is a great national party, composed of millions of strangers, ignorant of its needs, unfamiliar with its conditions and disregardful of the wishes of its citizens. These considerations are unanswerable. In fact, party control of municipal interests is a flagrant outrage on every principle of home rule.

The suggestion that it is not the whole party, but the small fraction of it, whose *locus in quo* is the municipality itself, which seeks to manipulate and control municipal affairs, has already received its answer. That fraction, though arrogating the name and endeavoring to wield the prestige of the party, is utterly devoid of any actual party authority. It is, except in the particulars presently to be mentioned, no different from any other voluntary association of citizens.

Then why not use it (will be the prompt response) *as such* an association? Why balk at the mere party name? It is organized and efficient. It has its rules and regulations, its officers and file leaders and all the machinery needed for thorough municipal work. It is here on the spot, ready to your hand. Why take the trouble to construct a clumsy, heterogenous, pie-bald combination for a purpose, far better to be subserved by rallying around the old banner and moving on with your old comrades to its accomplishment?

The suggestion is specious and plausible. On the other hand, the answer is easy and decisive. First, then, taking this

city as an illustration, in any future struggle on strict party lines, the conditions that have obtained in the past will continue unchanged. The party that has dominated the city will regain and retain its control. It is indeed claimed in some quarters that the Republican party has so gained in strength that, in a square contest, under ordinarily favorable auspices, its chances are at least equal with those of its adversary. But that view is illusive. The elections in 1894 and 1895, each in its different way, conclusively prove it. As long as the voting constituency remains what it has been, is now and is likely to continue, the city will, despite the best Republican endeavor, lie at the mercy of Tammany Hall. The only hope of emancipation and relief lies in a resumption of the non-partisan tactics of 1894.

Second.—But even if the claim just disputed is well founded, and the Republicans should at the next city election succeed in wresting the control from their adversaries, what hope, what trust, what well considered faith could we base upon that result? and especially if victory should follow victory in favor of the new domination? It was not from any inherent vice in the Democratic party, peculiar to that organization, and not shared by other men, that the long and shameful history of its municipal dominion has almost attained the proportions of a national disgrace. They became freebooters, because the control of the affairs of the city, not being a legitimate party object, their campaigns were predatory in quality and character from the outset, and they regarded the city, its wealth, its resources, and its long train of remunerative offices in the light of spoils, and treated them accordingly. The leaders were engorged with sudden wealth; their henchmen were rewarded with posts of trust and importance; the whole gang of followers fed at the public crib, and the power of Tammany Hall strengthened and consolidated.

Is human nature, dressed up in Republican form, so immaculate and impeccable, so variant in quality from its Tammany counterpart over the way, that it would be invulnerable to the prodigious temptation held out by the captured city? Are the conditions now, or are they likely to become, so changed that the curse of party domination in the past is to be transmuted into a blessing in the time to come?

The experiment of the Republican supremacy has not been

tried, but it is not difficult to presage the probable outcome. The truth is, and it is one of the most instructive lessons of our annals that, with the great prize of city control confronting him, it is not within the power of the average politician to withstand the terrible temptation. Be his qualms of conscience at the outset what they may, the stress of his own wants and ambition, and the tremendous urgency of the party's greed, are sure, in the end, to overbear and suppress them.

While, then, the devoted party man, when acting with his comrades in his party's legitimate field of movement, is to be respected as a valuable, indeed an indispensable, factor in the cause of the national well-being, as a manipulator of city interests he is not only out of his proper orbit, but his energy is ominous of mischief and harm.

Enough has been adduced to warrant, if not compel, assent to the following propositions.

*First.*—Partisan control of municipal administration is hostile to the municipal welfare.

*Second.*—The only hope of municipal emancipation lies in the fearless and faithful enforcement of the non-partisan policy. Hence,

*Third.*—The non-partisan has vindicated his right to a foothold, and to the respectful consideration even of his adversaries.

### Editorial Crucible.

THE NEW YORK *Sun* calls for the abolition of the term "bimetallism," in connection with our monetary discussion. It insists that the term only serves to mislead. Those who are talking loudest for bimetallism don't want bimetallism at all, and would oppose any plan that would give them bimetallism. What they want is free silver, which everybody knows would be monometallism. The *Sun's* frank way of stating the case may be a little unpleasant to the free silver people calling themselves bimetallists, but its position is about correct. Free coinage of silver to-day does not mean bimetallism, and we have great difficulty in believing that those who advocate free coinage at 16 to 1 think it is bimetallism. The question of free coinage is the question of a silver standard. If the silverites want to make that the issue, their fate can be predicted with great precision.

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THE CLEVELAND *Plaindealer* jubilantly announces that the Democratic convention at Chicago will announce for the free coinage of silver. It quotes Palmer, of Illinois; Voorhees, of Indiana; Rice, of Ohio, and the *Washington Post* as authority for the prediction that the free silverites will have a majority of seven votes in the Chicago convention, and names the states from which the free silver voters are to come. If this be true, the Democratic party is evidently going to try to be consistent with itself. Wildcat banking, fiat money, free silver and free trade would make a very natural platform for that party. It has always been very fertile in financial and economic as well as political wrongheadedness. This is just the year for exterminating that kind of wild-eyed democracy, which stands only for industrial disintegration.

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AN EFFORT is being made by interviewing railroad presidents and college professors to revive the impression that the industrial depression is due to fiscal rather than industrial

causes. By this means it is hoped in the coming campaign to shelve the tariff question by adding emphasis to the money question.

It is manifest to even the *Evening Post* that the administration party has lost its grip upon public confidence; that all the booming they gave to the Wilson bill failed to revive public confidence in the free trade policy. Their only hope now is in minimizing the force with which the reaction will come. This they hope to do by filling the air with the sound money cry. Reform in our monetary system is, indeed, highly necessary, but so it is in our tariff system, and the havoc this administration has created with industry should be corrected in short order by the next Congress. But the tariff revision should be accompanied or immediately followed by a vigorous reform in our monetary system. This should not consist in the mere establishment of gold monometallism, but it should comprise a genuine reform in our banking system, which is far more important than monometallism or bimetallism. Sound banking would do more to give uniformity to the rates of interest and make borrowing for solvent business men and farmers easy than any legislation about the coinage could possibly do. The issue should be protection and sound banking. Both free trade and free silver should be permanently dropped from the political calendar.

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MR. CHARLES A. TOWNE, of the Sixth Minnesota District, has delivered one of the most carefully prepared addresses given in Congress on the silver question. His speech shows accurate compilation of facts presented in support of free coinage, but unfortunately his reasoning rests upon a sandy foundation. The chief point in his speech was to show that the fall in prices is due to the appreciation of gold, in proof of which he cites the index numbers, which, for such a purpose, are worthless. To take a hundred articles and average them may show that a change in the aggregate value has occurred. It could do nothing to show whether the change was due to monetary or economic causes. If the change in price is due to changes in the value of money, all commodities will be affected in the same direction and in precisely the same degree. Instead of

making this point clear, the index numbers obscure it by reducing all the commodities to a general average.

Besides giving charts showing the movement according to the index numbers, Mr. Towne gives tables showing the change in the value of the different articles, which tables prove the worthlessness of his index-number charts. They show that during the period covered the value of some articles has risen 25 per cent.; others have fallen 25 per cent., proving that the change is not due to the money, but to economic causes relating to the production of the articles themselves. Mr. Towne could not have given anything which more effectively destroys the chief prop of his whole argument than this table of prices. One might as well try to measure weight with a yardstick, or cloth with a pint mug, as to ascertain the effect of gold on the movement of prices by the use of the index numbers.

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THE 27TH OF JUNE will be the fiftieth anniversary of the repeal of the Corn Laws, and the Cobden Club, London, is preparing a great celebration in commemoration of that event. It must be something of a shock to the members of the Cobden Club to learn that just when they are trying to emphasize the virtues of England's free trade policy, by celebrating the fiftieth anniversary of its adoption, the English government, with the largest popular majority behind it in both the House of Commons and the House of Lords that has been known for a long time, is preparing to return to a protective policy, and so, in effect, officially announce to the world that, after all, the Cobden doctrine was but a temporary local expedient.

To be sure, for a time, it helped English manufacturers, but it practically ruined English farmers, and now its virtues for manufacturers are rapidly evaporating, and a return to protection seems the only way of saving England from a slow but sure industrial decline. Fortunately for England, her statesmen have a large residuum of hard common sense. They never were pedantic enough to allow a theory, however sacred, to stand in their way of attaining any important object. And now, that under free trade, they see England is losing her hold on foreign markets, they are taking steps again to get the benefit of a protective policy. By way of softening the blow, how-

ever, the new name under which Great Britain is to return to protection is Imperial Federation.

It is a little cruel in Mr. Chamberlain to project his scheme for a new protective *régime* just at the time the Cobden Club is commemorating the fiftieth anniversary of the repeal of the Corn Laws. But it only shows that the administration thinks there is more statesmanship in pushing towards protection for the future than in glorifying the free trade of the past.

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ENGLAND'S TREASURY on April 16th had a surplus of \$21,059,000, which Sir Michael Hicks-Beach declared to be the largest surplus ever known. The United States Treasury at the same date presents a deficit for the period in which the present administration has been in power of \$262,000,000, as represented by increase of funded debt merely, and some millions more, if all means of deficiency in revenue are added. This also is the heaviest deficit known in this country in time of peace, and exceeds the cost of every war save the last.

Sir Michael Hicks-Beach, moreover, without intending to expound protectionist doctrine, declares that "British and Irish spirits are entirely displacing foreign spirits" in the home market, and that India and Ceylonese tea, produced within British dominions, were displacing Chinese teas in English markets at the rate of 10,000 000 lbs. per annum. But Secretary Carlisle is silent upon the question whether any American product is displacing the foreign in any market, unless it may be our workingmen, of whom about 28,500 left the country last year in excess of all that arrived, thus attesting that the condition of labor is, for the first time in thirty-five years, better abroad than at home.

America is, however, the more prosperous of the two countries for statesmen. Poor Mr. Gladstone, after inheriting a fortune supposed to be ample for all the needs of a gentleman, and living prudently, is obliged to signalize his retirement, from the longest career as a party leader ever known, by selling his library and works of art to reduce his expenses. On the contrary, our American President, after the most sudden and brief participation in party leadership which has ever crowned personal mediocrity with national disaster, reviews his short period

of office-holding, only twelve years in all, to find that it has lifted him from a bachelor's flat in Buffalo into the honor of being the first to retire from the Presidency a millionaire.

THE NEW YORK LEGISLATURE has just passed a law compelling railroads to carry bicycles free of charge. Why not pass a law that passengers shall ride free and have done with it? This is a part of the socialism by which farmers ask the government to pay the freight of their export products to foreign ports, which gave the Interstate Commerce Commission the power to regulate railroad tariffs and which created the bill now before the New York Legislature restricting the combination of productive enterprise under the pretense of preventing "corners." All this only shows what dangerous legislation is possible under a democracy when the voters are ignorant of economics and political science. This bicycle law is simply a bid for the votes of bicycle riders at the expense of the railroads. It is a reflection upon the good sense and public integrity of the political party responsible for it.

If a bicyclist should have his wheel carried free, why should not an equestrian have his horse carried free when he wants to go by rail? The popular assumption that railroads and large corporations should constantly be made the victims of attack by legislation, shows a state of economic viciousness. This kind of legislation is constantly being introduced into state legislatures as a means of compelling corporations to pay blackmail to political lobbyists and cheap legislators. The public sentiment which has made this possible is but the natural fruit of the educational campaign to which the American people have been treated during the last decade by free trade doctrinaires and socialist propagandists. It was largely a campaign of industrial blackguardism for the sole purpose of discrediting a tariff policy; thinking that ignorant antagonism would be inflamed more easily by constantly pointing to successful business men and large corporations as plunderers of the poor. The consequence is, the nation is saturated with semi-socialist sentiment which is bearing fruit in a crop of dangerous socialistic legislation, which, if continued, will succeed in crippling the industrial enterprise of the nation.

THERE IS something strikingly elastic about the English Tories. While they stand normally as the defenders of traditional institutions and die-in-the-ditch antagonists to political reform, they are constantly doing the unexpected and passing measures more radical than the radicals propose. It was in this sporadic way that the Tories gave England the Ten-Hour Law in 1846 and extended the suffrage to workingmen in 1867, after a protracted opposition to both. The present Tory administration is repeating this characteristic. Always the opponent of Irish legislation, the Salisbury administration has now introduced a more radical land bill than the Irish were able to extract from Gladstone.

The new bill provides that tenants may sublet their holdings without the positive assent of the landlord; and that if the rent is too high for a tenant to pay, he can go into court and have it reduced. That when new leases are made and the value of land has been increased by improvements, the rent cannot be adjusted to the new value due to improvements. There is probably not a country in the world where the tenants have such favorable legislation as the last two bills give Ireland. Yet the Irish tenantry seem to be no better off after this legislation than before, which shows that the real difficulty is not the question of rents. Irish farmers would hardly be able to get a living if there were no rents to pay at all. Their poverty is due to the backwardness of their industrial methods; they are too poor to have the implements of modern farming, and their holdings are too small to permit of truly economic methods. There is really no hope for making any considerable improvement in the condition of Ireland by fixing rents. What Ireland needs is a diversification of industries. She needs manufactures so that she can have a domestic market for what she produces and the development of capitalistic methods throughout her industries. The greatest injury that England inflicted upon Ireland was when she suppressed her manufactures. She can never atone for that by any socialistic tinkering with the rents. A return of manufacturing industries and capitalistic methods would be worth more to Ireland than any land legislation or a Parliament in College Green or any other change in her political institutions. Her disease is economic, and diversification of industries is the only cure.

## Leading Events of the Month.

### IMMIGRATION.

Congress has again taken up the immigration problem, and within the past few weeks several measures have been introduced embodying new restrictive and regulative features. One of these, prepared by Senator Lodge, requires that the applicant for admission be able to read and write in the language of his native country; another, reported in the House, provides that all immigrants must obtain from the United States Consular officers, at the port of embarkation, certificates showing that they do not belong to any of the prohibited classes; and Representative Linton has a bill establishing a property test of \$500 in money for each immigrant, and requiring a residence of fifteen years before citizenship can be attained.

The requirement of the second bill has already been in force in a limited sense for many years, with respect to immigrants from certain Oriental countries, but undoubtedly it would materially lessen the chances of evasion if made general in its application. When the only examination is at this end of the voyage, the expense and hardships of deportation naturally weigh against over-strict enforcements of the law in many cases.

It certainly should not be considered that ability to read and write in his native language of itself qualifies a foreigner for residence in the United States. As a test of admission, however, this would probably furnish some indication of his capacity to learn the language and comprehend the customs and institutions of the American people.

The amount of money and length of residence called for in the Linton bill are both somewhat excessive, but, on the whole, a property qualification is by far the most effective test of industrial and intellectual capacity. The real danger to this country from European immigration is in the cheap-labor element that enters into it, and out of which have grown up our "foreign colonies" and the sweating system. It is almost impossible to prevent this except by requiring some conclusive proof of ability to earn a living; and for an European laborer to have accumulated several hundred dollars preparatory to coming here is, perhaps, as good an evidence of personal stamina as we need

demand. The necessity for legislation in this direction is pressing. It is true that owing to industrial depression the average monthly immigration has now fallen to but little over one-half what it was in 1892, but of this number an increasingly large proportion is the undesirable overflow of the Latin countries of Southern Europe. During April there was an immense increase in Italian immigration, attributed to various temporary causes. Many of these new-comers had to be deported, and those landing, it is said, possessed an average of only about \$8 apiece in money.

This is a field which the new and broader policy of national protection as a scientific principle should no longer neglect. As it is at present, whatever indirect protection is given American workingmen at the custom house, is in constant danger of neutralization by direct competition with foreign cheap laborers in person—the growing surplus which Europe, under her low-wage and foreign market economics, is incapable of taking care of at home.

#### RAINES LIQUOR-TAX LAW.

By the signature of Governor Morton the Raines bill becomes a law, and on May 1st the entire excise system passes from local to state control. Undoubtedly this concentration will result in a more efficient administration of excise affairs, and as a matter of fact we shall probably have much less political corruption than has existed heretofore in the hundreds of petty boards acting with independent discretionary powers all over the state. The new commissioner and his assistants will constitute a definite body of public officials upon whom responsibility may be fixed. New York already has more saloons than any other state, and the number ought to be reduced. Uniformity in the regulations respecting location of saloons, character of dealers, etc., will probably take the "personal pull" element largely out of the situation, while the abolition of free lunches is a particularly excellent feature, from a purely economic standpoint.

But, on the other hand, it is doubtful if the actual consumption of liquor can ever be materially reduced by legislation of this character. It attacks the problem at the wrong end. Saloons exist solely because of the demand for what they

furnish, and they are most numerous and thriving where poverty and ignorance are most dense. Indeed, it will not be surprising if the disreputable gin-mills prove to be the very ones that can best afford to pay the increased tax. The real reform needed, therefore, is social rather than penal; it should deal with the conditions that create intemperance and its accompanying evils. Already, in New York City, a strict enforcement of the Sunday prohibition has simply resulted in a largely increased Saturday night trade in bottled liquors.

The peculiar feature in the discussion of all measures of this character is the conflict between the interest of revenue and reform. If revenue is the object, then the more saloons the better; but if gradual extermination is the purpose, then a decreasing tax return ought to be a welcome sign. The present law may accomplish both results to a certain extent, but the inconsistency of this crowning argument in its favor still remains.

#### JUDGE CLEMENT'S DECISION.

A decision of considerable importance to trades unionism has been recently handed down by Judge Clement, of Brooklyn, in a case involving the right of labor organizations to collect fines for violations of rules. It was held that a labor union, as a legal institution, may regulate the rates of wages and hours of employment to be accepted by its members, and enact by-laws that members shall not work with non-union men. Fines to enforce these rules may be legally collected.

It is to be hoped that this decision will be sustained. Effective organization is the strong feature of the whole working-men's movement for high wages and improved conditions. A labor union is formed for mutual advantage, and whoever becomes a member is supposed to do so with full understanding of its regulations and his obligations to abide by them. This is the fundamental principle of all organized bodies, upon which their self-maintenance depends. Judge Clement's opinion, therefore, introduces nothing new, but simply recognizes the right of labor unions to share with other organizations in these common and necessary privileges.

At the same time, if trades unions would devote themselves more thoroughly to educational work with their men, so that

the fact of membership became a definite guaranty of integrity, and working with a "scab" actually meant working with an inferior craftsman, there would be less temptation to violation of rules, and, in the public estimation, more justification for their enforcement.

#### GREATER NEW YORK BILL.

Though the New York-Brooklyn consolidation measure passed the Assembly only by the aid of Tammany votes, and has since been officially disapproved by the mayors of both cities, the present programme seems to be to make it a law anyhow. In all the hearings before Mayors Strong and Wurster, the bulk of the opposition argument was directed, not against the consolidation idea, but against the present unstatesman-like and unbusinesslike method of bringing it about. The population of the territory to be united nearly equals that of the whole United States in 1789, and as Mr. Seth Low pointed out before Mayor Strong, the original federation of the states was not decreed until a constitution had been prepared, discussed and accepted. This is certainly the logical method of procedure, whether the two cases are wholly parallel or not. But under the new plan, consolidation is fixed for a certain date, whether the Charter Commission shall have been able to master all the immense complexity of details, local and constitutional, by that time or not. This is perhaps the most important undertaking of the kind ever attempted, and it is difficult to see the necessity for so much haste. The present measure has been justified on the ground of obedience to the popular will, but unquestionably the real will of the citizens who voted to consolidate these two great municipalities was and is that the union shall be effected by a plan of action somewhat commensurate with the magnitude of the interests involved.

#### ANTI-“CORNERRING” LAW.

A bill just signed by Governor Morton makes it a misdemeanor for any corporation to enter into a combination or conspiracy for the purpose of forcing up the price of the necessities of life. This was directed principally against a reported “combine” to put up the price of coal. Such legislation is, doubtless, intended to protect the public, but it usually hampers capital, to the final injury of the public. The real law that will

more and more correct these speculative tendencies is economic rather than statutory. Ability to offer the public superior advantages is about the only power that continuously holds great corporations and trusts together. Whenever attempts are made to increase profits by arbitrary methods, successful competition again becomes possible, and the "combine" usually falls apart by its own weight. More fortunes by far have been lost than gained in this way. A growing recognition of the fact that competition is always in operation, potentially if not actually, will tend to eliminate "cornering" schemes, and at the same time preserve to the community the immense advantages of concentrated enterprise.

#### THE FRENCH CABINET.

The French Socialists are having an opportunity to observe, in the troubles of their leaders, M. Bourgeois and his associates, some of the difficulties of practical statesmanship. For two months past the cabinet has been proceeding without the confidence of the Senate, and now the first foreign complication of importance results in the resignation of the Foreign Minister, M. Berthelot. This was the dispute over appropriating a part of the Egyptian Reserve Fund for the expenses of the new British expedition against the dervishes on the Upper Nile. The French press vehemently denounced the scheme, and the French and Russian members of the Egyptian Public Debt Commission lodged a formal protest against it, but M. Bourgeois has no further action to report except that secret negotiations with England on the subject are in progress. It is difficult to see just what "negotiations" are going to accomplish, now that the appropriation has been made and expended and the expedition is well under way.

#### CUBA.

The Cuban insurgents, now "bandits," according to General Weyler's latest decree, appear to have won at least two important engagements during the past month, and without doubt several filibustering expeditions have succeeded in landing military supplies on the island. During the coming rainy season, moreover, the native fighters will have a distinct advantage over foreign troops. Mr. Murat Halstead, in the April *Review of Reviews*, gives the white population of the island as

about double that of the colored. This is a considerably better showing than could be made, for instance, by the "Black Republic" of Hayti, and it is possible that a democratic experiment in Cuba might prove successful—at least, relatively to the present *régime*. Neither the record of the Spanish rule for centuries, nor the general character of that nation, gives much promise that administrative reforms in Cuba would be genuine or lasting.

The President does not seem inclined to follow the suggestion of the Senate resolutions, recently adopted by the House, that he use his good offices with Spain for the recognition of Cuban independence. Instead, he has appointed General Fitz-hugh Lee to succeed Consul-General Williams at Havana, and it is understood that General Lee is to investigate the actual military situation, and supply the administration with official information. This is probably the wisest course to be taken under the present circumstances.

#### INTERNATIONAL ARBITRATION.

Lord Salisbury's statement favoring propositions looking towards a permanent Court of Arbitration for all disputes between England and the United States, makes the discussion of that plan at once important. However great the advantages of such a tribunal, there are manifestly some classes of fundamental international privileges which could never be submitted to it, and should be excepted from any general arbitration agreement. In other cases also, the whole significance of a dispute might depend upon an immediate decision, or at least an enforced suspension of operations until the arbitrators could act. The slaughter of seals almost to the point of extermination, during the long Bering Sea disputes, is an example in point. Furthermore, a general agreement of this kind should include all the American republics or none.

### Economics in the Magazines.

CURRENCY BY GOVERNMENT NOTE. *Deficiency of Revenue the Cause of our Financial Ills.* By John Sherman, in *The Forum* for April. The Ex-Secretary marshals the facts showing that had there been no deficiency of revenue there would have been no inability on the part of the government to redeem its notes in gold. But he makes his proof to rest entirely on the *post hoc ergo propter hoc* argument that no inability to redeem the notes except by borrowing gold occurred until after the revenue had fallen short of expenditures. This is, however, inconclusive and unsatisfactory to many minds. There is the "neglected element" in Mr. Sherman's argument that no matter how great the excess of revenue over expenditure, it will not furnish the government with gold with which to redeem the notes in gold unless the revenue is itself paid in gold, and that not a penny of customs duties paid in the Atlantic states has now been paid in gold in several years. Mr. Sherman may say, "if there is a sufficient greenback revenue the government can easily buy the necessary gold with the greenbacks." It can, so long as those greenbacks are at par and the maintenance of the greenbacks at par depends upon gold being in the treasury to redeem the greenbacks with. After all, therefore, Mr. Sherman's specific for keeping the gold in the treasury depends upon the gold being in the treasury. It argues in a circle. It is like the negro's reason for sitting in his roofless cabin under his tipped-up dining table during the rain:

"Why don't you put a roof on your house, Sambo?"

"I can't, massa, because it rains."

"But why don't you put a roof on when it don't rain?"

"I don't need no roof when it don't rain, massa."

If a gold revenue is necessary to enable the government to supply the merchants with \$305,617,419 in gold for export between July 1, 1892, and December 1, 1895, and with \$54,649,-093 in addition for the banks to hoard, and if the effect of there being \$500,000,000 of government notes out is that the whole of the customs duties are, in fact, paid in notes needing redemption, and not one cent of it in gold, and if the ability of government to buy gold for redemption, with its irredeemable notes, depends upon redemption actually occurring, then we

land in the *petitio principii*, that the government's ability to redeem depends on its ability to redeem.

The point is how, with no revenue whatever necessarily payable in coin, the government can maintain coin redemption except by buying the coin. It cannot be done.

Mr. Sherman concludes his article by praising our existing government currency as the best in the world.

It is open to grave question whether a currency of notes which has absolutely no asset behind it to secure its redemption except the excess of revenue over expenditure, which is not an asset at all, but a contingency and an accident, liable to disappear at any moment, can be truly said to be the best currency extant, particularly when one of the incidents of receiving it for customs duties is to render it impossible for the government to collect the kind of revenue it needs to collect, in order to maintain the value of this very currency. Should McKinley be nominated and elected to the Presidency, and should John Sherman have charge of the Treasury, it by bare possibility may happen as a coincidence that when the greenback revenue shall be restored, the demand for gold for export will stop and the necessity of obtaining a revenue in gold will disappear. But we can no more believe this result to be absolutely sure to follow than that a farm which raises nothing but pumpkins can by no possibility be driven to the necessity of getting its eggs by purchase. In fact, Mr. Sherman's opinions, though in line with an opinion in favor of the superiority of a government currency over a bank currency, once given by the banking economist, Ricardo, do not seem to us to rest on sound principles. We think Ricardo failed to appreciate the effects of absence of assets on a government currency.

**IRRIGATION.** *Pump Irrigation on the Great Plains.* By H. V. Hinckley, in *The Engineering Magazine* for April. Mr. Hinckley selects points in Southwestern Kansas, not far removed from the Colorado and Oklahoma lines, where there is no rainfall sufficient to grow any crop for the food of man or beast, and shows that by windmill pumping, crops and fruits worth from \$18 per acre in wheat, to \$1,000 per acre in orchard, can be produced. The cuts enforce this fact with abundant illustrations which have the force of proof. A curious ques-

tion is whether the water supply thus obtained is really permanent, or whether, as it comes to be drawn upon, it may not, like the petroleum supplies in Northern Pennsylvania, or the natural gas at Pittsburg, fail. Mr. Hinckley is frank enough to declare that what is really needed is a means of getting water by "sun power," as that is the only form of power that will work with an intensity proportionate to the drought.

**LAND-OWNERSHIP. *Limitation as a Remedy.*** By John Clark Ridpath, LL.D., in *The Arena* for April. Land ownership is given as the first title under which "limitation as a remedy" is to be considered. We infer that limitation, as to all other natural opportunities, and perhaps faculties, is to follow. We are to have limitations on the wealth one can accumulate, perhaps on the knowledge one can acquire, since that is only intellectual wealth, on the number of persons one can employ, the number of sheep and cattle he can own, the number of copies of a magazine he can circulate, the number of books he can write or print, the number of shares he can hold in any corporation, etc. Our English forefathers preceded us by limiting the number of sheep one man could own several centuries ago. But the most usual limitations imposed on mankind have been in the line of either one wife, one vote, one Church, one king and country, one name without aliases, one office, one college course, one homestead, one seat in a railway car, one flag, one political party, and perhaps one slice of bread to two fish-balls. Whether we are limited to one life or not is a much disputed problem. Also whether we have all one genesis, and are sprung from one ancestor or germ cell. Mr. Ridpath's aim is to prove that the class of men who acquire more land than can be used by them to the best advantage of the community are to be restricted—whether as to acreage, or as to value, or as to number of tenants or modes of use, we are not informed. The North American Indians, and indeed all savage races, agree with Mr. Ridpath, but are more radical. They believe there should be no private title to land at all. Perhaps if Mr. Ridpath could only assemble all who are opposed to the monopoly of land by private owners on dress parade, the mere power of this exhibit would settle the question without further argument.

RELATIVITY. *The Relativity of Political Economy.* By Francis W. Howard, in *The American Catholic Quarterly Review* for January. A valuable study, based mainly on the Comtean doctrine, that sociology is, of all the sciences, that which combines greatest complexity in phenomena with least certitude in general conclusions (*i. e.*, laws). With all due respect for the clerical writer's distrust toward the conclusions which men are able to arrive at concerning the laws which govern society in this life, we must be permitted to doubt whether, in a strictly scientific point of view, the problem is made clearer by capping them with all the hypotheses which are possible concerning the life to come. Mr. Howard says: "In no two ages and in no two countries does man obtain his subsistence in exactly the same way, and consequently the political economy of one age may have but little in common with that of the next." We answer, Is it any different with ethics, theology or faith? Is the Christian world to-day willing to sink seven millions of lives to recover the holy sepulchre from the infidel? Does it even imagine that a sepulchre can be holy? Is there not at least as great "relativity" in all the other lines of thought, and especially in theology, as in political economy? Did not Christianity in the first century find its highest theological formula in a belief in the immediate end of the world? Is there anything left of this belief to-day? What has become of the discussion between the advocates of the Homousion and the Homoiousion which once rent the Church? Obviously as rapid a transition occurs daily in theological as in economic controversy. Even the Catholic Church moves its doctrinal stakes at least once in a half century. Within the last half century it has added the immaculate conception of Mary and the Papal infallibility to its doctrinal stock. It is as impossible for the human mind to stand still in its doctrinal creeds as in scientific theories.

### Book Reviews.

SOCIALISM: ITS GROWTH AND OUTCOME. By William Morris and E. Belfort Bax. London: Swan, Sonnenschein & Co. New York: Charles Scribner's Sons. 1893. Pp. 335.

This purports to present the history of the development of Socialist views, mainly through brief biographical notices of the persons whose names are prominent in connection with the topic. It is superficial both in its omissions and in its illustrations, omitting the practical examples of Socialism among the Greeks, such as their "common tables," and the Socialist theories of Plato, and their refutation by Aristotle, all of which is doubtless ignored because it tends to refute the favorite superstition of the "scientific socialists" that they are an unrefuted and original product of modern times. To recite that every form of modern Socialism ran out its race in Greece twenty centuries ago, and that speculation, in that day, dosed the world with its "looking backwards," as fully as in ours, and betook itself to its "phalansteries" as successfully as in the past half century, is a form of thought which is not welcome to the dreamer who desires it understood that his dream is an entirely new one.

Nor do Messrs. Bax and Morris attempt to notice the modern economic argument that the thing that is new in what they call modern capitalism is that it attains to the greatest universality and equality in the consumption of enjoyable goods through the concentration of the ownership of non-enjoyable goods or reproductive agents (such as land, mines, machinery, etc.) into the hands of the wealthy few who can afford to accept the lowest and smallest percentage rate of compensation for its use, so that society at large is served more cheaply and economically by large capitalists than by small ones. No allusion is made to the argument that the intensity of individual selfishness is imperatively required to stimulate the average man to a sufficient rate of production to sustain the whole mass, that when this stimulus is applied to the utmost to all men, none too much for the needs of all is produced, as shown by the fact that the whole quantity produced is consumed, and all of it within the year in which it is produced, except the small modicum of

added annual wealth which can only be made profitable to its owner by being converted into machinery, capital, or other form of stored-up labor.

A vast amount of good new white paper and excellent black ink are constantly being consumed in the production of Socialist books, all of which are themselves a proof that a fair revenue is at all times derivable by thrifty profit-makers from telling the poor, for a trifling charge, how poor they really are. It is greatly to be hoped that in due time the course of individual profit for these writers will be found in spreading before their readers some analysis of the economic arguments which go to show that equal diffusion of the ownership of reproductive wealth (such as Roscher shows to prevail among the Caribs, Kamschatkans, Beloochees, Zulus and all savage tribes) is fatal to social progress and productive only of the most intense individual slavery and social degradation. Human life becomes so cheap where equality and community in the ownership of the land prevails, as in Ashantee and Dahomey, that when a chief dies several hundred virgins must be slain in order that the canoe which holds his corpse may be floated in the ditch which is filled with their blood. In a capitalistic civilization, on the contrary, like that in the United States or England, human welfare becomes of so much interest to all the members of society that a failure by an employer to pay a dozen men as high wages as they were heretofore paid, will cause a hundred thousand men to lay down the tools of their industry and interest themselves emotionally in the wage-rate of men or women whom they never saw, whose occupations they do not follow, and even whose names and nationalities they do not know or care to know. Men like Bax and Morris believe that there is a market for books which incite to discontent and none for books that explain economic law. Hence they write histories of society into which no higher economic law can find entrance than that the naked pursuit of profit by employers, when left to itself, is not a sufficiently humane, or just or intelligent economic force to which to entrust the destiny of employees. Very true! But as the destiny of employees finds psychic forces within the breasts of the employees themselves as potential as the sense of profit in employers, why not credit both forces with their due potency in the evolution of society?

POLITICAL ECONOMY FOR HIGH SCHOOLS AND ACADEMIES. By Robert Ellis Thompson, S.T.D., etc. Boston and London: Ginn & Co., 1895. Pp. 108, 12mo.

This compact little work is well conceived and admirably executed, in most respects, as a first book of instruction in economics. It will be read with more interest by most adult business men and "new" or "science" women, than the longer and more abstract treatises. It is on the lines of Hamilton, the first Congress, List, Carey and the present Republican party, as to protection. On the issue of bimetallism, it regards the fall in silver as being a consequence instead of the cause of the demonetization of that metal. On "Domestic Commerce," and on "Socialism, Communism and Anarchism," the book is instructive and sound. But even Homer sometimes nods. Professor Thompson has evidently never dug for clams, until after they were boiled and deep in the soup. If he had, he could not have written (on page 24) of the "alertness of eye and hand needed to keep him (the clam) from escaping." He must have borrowed his notion of this alertness from the story of Charles Lamb, at dinner, delving with his long-handled spoon down into the depths of the soup tureen for another clam. For a time it escaped him, but bringing it up at last, he added (this is a strictly English pun): "*De profundis clam 'av I.*" But on the beach clams don't usually exhibit speed.

THE LAW OF CIVILIZATION AND DECAY: AN ESSAY ON HISTORY. By Brooks Adams. London: Swan, Sonnenschein & Co., Ltd. New York: Macmillan & Co. 1895. Pp. 302. Price, \$2.50.

This is a remarkable and stirring survey of history for two thousand years past, from the standpoint of a philosopher who sees in the conflicts and wars of that period mainly a struggle between the people whose action is controlled by economic motives and material interests, on the one side, who may fairly be called industrialists or money worshippers, and the people who are dominated by imagination (faith, religion, priesthood, the supernatural), on the other, who, in the light in which Mr. Brooks presents them, are usually "Christ worshippers," though the local ascendancy of any other religious cult, based on the supernatural, if such there were, would not

conflict with the author's philosophic view. This being the major key in his strain, or what in dramatic literature would be called the "hero" and the "heavy villain," it in no small degree sustains the interest and piques the curiosity to find that throughout the story there runs another purely economic drama between the money lenders or usurers or coiners of gold and silver, on the one side, and the debtor classes, laborers and producers, small farmers, merchants and traders, on the other. One might expect the latter to form a subdivision of the money worshippers, but they are not. The cleavage between the materialist and the religious class is one that cuts society perpendicularly, leaving an equal portion of upper classes or leaders, generals, statesmen and capitalists to both. The cleavage between the money making or lending, and the money borrowing class, is horizontal, dividing always the enslavers from the enslaved. Mr. Adams makes no concealment of the fact that on the former issue he thinks with the money worshippers against the supernaturalists, or, as he calls them, the imaginationists. He believes that the gradual victory of the former over the latter (of the "material" over the "spiritual," as many would phrase it) has been a steady triumph of science over superstition, of truth over imposture, of equality over despotism, of liberty over enslavement, and of happiness over suffering. He also sympathizes with the view that a continual depreciation in the purchasing power of money, arising from the inflation in its volume, has been synonymous with the emancipation of the lower orders of society, and that a contraction in the volume of money is the mark of the increasing exactions of the money lenders and sufferings of the producing classes. On the question of the function of religion, therefore, he follows in the wake of Gibbon and Buckle, and wants but little church and plenty of science. On the question of money he stands with Sir Archibald Alison, Carey and Delmar, against Overstone, Mill and the bullionists, and wants "soft" money, "credit" money, plenty of money, anything to prevent money from getting dear. The descriptions which are given of life and industry, of land ownership and slavery, under the Roman Empire, are graphic, striking and full of touches of light only obtainable by deep and exhaustive reading.

THE MANUAL OF STATISTICS, 1896, AND STOCK EXCHANGE HANDBOOK. New York: Chas. H. Nicoll, publisher. Price, \$3.

This gives the facts concerning each railway and industrial company necessary to enable an investor to form an intelligent opinion concerning the true value of its stock, including cost, history of the undertaking, earning power, changes of management, assets, debts and expenses. It includes also commercial, banking and mining and traction companies, insurance, but not manufacturing, and the quotations for stocks of the kind covered, in all the stock markets of the country from Boston to San Francisco; also statistics of cotton, wheat, real estate, bank clearings, interest laws and other matters of interest to dealers in stocks and securities.

CLASSES AND MASSES. By William H. Mallock. New York: Macmillan & Co. Pp. 129. 1896. Price, \$1.25.

In combating the Socialist claim that the rich are growing richer and the poor poorer, Mr. Mallock has done some effective work. In the little book before us, however, he has entered into the larger field of general economics, and with doubtful advantage both to himself and his subject.

The first chapter consists of an article entitled, "How is Wealth Distributing Itself," previously published in the *Pall Mall Magazine*, and is a very efficient rebuttal of the Socialist claim regarding the distribution of wealth. The remainder of the book is largely devoted to an obvious effort to show that the demands of the working classes for more wages and better conditions is a mistaken movement that should be discouraged. Mr. Mallock thinks it is a social crime to make laborers discontented, or encourage their discontent. He has introduced a great many grotesque pictures, half truths and much poor reasoning, to show that laborers are getting practically all it is possible for them to have.

He speaks with sneering flippancy of "humane conditions," "humane living," the "living wage," and other phrases used by the laboring classes to express their feelings regarding their own condition. He assumes that the discontent among the laborers is something that "their leaders had taught them," which leaders he delights to call "professional agitators." This quality justifies the English workingmen in regarding the

book as a piece of special pleading against them and the welfare of their class.

After a considerable display of being simple and matter of fact, in statement, he presents what is practically Henry George's formula, as follows: The "minimum standard of humane living" is determined, and is necessarily determined, by the maximum *which a man who pays no rent can extract by his own labor from the worst soil under cultivation*. It would be difficult more completely to miss the mark in any discussion of the wages question.

This is not true in any community, and the more varied the occupations and complex the civilization, the farther from the truth does this formula become. If this statement were true, no laborers could earn more than those laborers who occupy land for which they have to pay no rent, which, of course, everybody knows is not the case.

Instead of saying that the standard of "humane living" is determined by what a man can extract by his own labor from the worst soil under cultivation, it would be more nearly true to say the value of the product of such land is determined by the standard of living of the laborers who produce it.

A laborer does not lay more brick per hour to-day than he did four hundred years ago, but he gets ten times as much for laying a hundred brick to-day as he did then. And why? because the man is more costly and his service is more expensive, and, consequently, the value of bricklaying is much higher, not that he lays more brick, but that the laying of every brick he handles costs more, solely because he is a more expensive social factor. The laying of brick costs more per hundred in one country than in another, and in one locality than in another in the same country, and in the same country at different periods, and all for the same reason.

Having concluded that the standard of living and consequently the income of the laborers is "determined, and necessarily determined, by the maximum, *which a man who pays no rent can extract by his own labor from the worst soil under cultivation*," Mr. Mallock concludes that the condition of the laborers is not a proper subject for sympathy, but that it is the inevitable result of a natural law, and "it would be folly and madness to attempt to make them discontented."

Any person who is acquainted with the conditions of labor, and particularly with the conditions of agricultural labor, in England, with wages at ten shillings (\$2.50) a week, and can say that it is "folly and madness to attempt to make them discontented," may well be taken as an apologist for barbarism.

Mr. Mallock ought to know that the salvation of the working classes lies in their becoming discontented. The reason the agricultural laborers of England have made no progress since 1840 is that they have been too contented, and their contentment has made them among the lowest types of laborers in Europe.

On page 137, he has a peculiar diagram showing that the proportion of agricultural produce per hand is higher in England than any country, including the United States. Just where he gets these facts he does not tell, but they are in direct conflict with facts on that topic given by Mulhall. Whatever date Mr. Mallock's diagram is intended to represent is not indicated, but there has been no radical change in the productive power of the different countries during the last few years.

In his "History of Prices," page 81, Mulhall gives facts which, taking all kinds of grain together, show a product annually of 920 bushels per laborer in the United States as compared with 540 per agricultural laborer in Great Britain.

There is good ground for defending capitalistic enterprises against socialistic attacks, but to urge that it is a crime to make laborers discontented with their lot is a little worse than nothing. It is asking laborers to believe what every day's experience teaches them is false, and serves only to make those who write such stuff appear in the light of defenders of industrial hardship and enemies of social improvement.

## WHAT EDITORS THINK OF **GUNTON'S MAGAZINE.**

*Daily Freeman*, City of Kingston, N. Y.—“The pages of GUNTON'S MAGAZINE glisten with pregnant suggestions upon the great economical and political questions of the day. It is interesting as well as philosophical and instructive. No one who is interested in economics should fail to read it regularly.”

*Tribune*, Scranton, Pa.—“Probably one could not buy on any news-stand in the world a better digested quarter's worth of economic literature than is to be had in the April issue of GUNTON'S MAGAZINE. Professor Gunton solves the currency question, shows the need of restoring the American merchant marine, and discusses ten or a dozen other grave and weighty topics—all with the ease of a master thinker. And the good thing about Gunton is that nine times in ten he is all right.”

*Light*, San Antonio, Tex.—“Its accuracy in statement, whether of facts or figures, is vouched for, and it will be found valuable as a reference. It will repay thoughtful perusal by the politician.”

*Tribune*, Scranton, Pa.—“Professor Gunton goes to the root of the subjects he discusses, and does not try to befog the atmosphere.”

*Evening Tribune*, New Albany, Ind.—“The articles are as sound in logic as they are forceful and clear in thought. They are written from the standpoint of a pure Americanism. We should be glad to see this magazine have a large circulation among us. It tells the truth on the great subjects it discusses.”

*Daily News*, Aurora, Ill.—“For those seeking for a broader knowledge of American economics and political science, GUNTON'S MAGAZINE, published monthly at New York, is beyond comparison the most excellent journal of its kind printed.”

*Republican*, Peru, Ind.—“Every American who gives thought to the great questions involved in economics should by all means read GUNTON'S MAGAZINE.”

*Orleans American*, Albion, Orleans County, N. Y.—“The tone of its articles is dignified, fair and exhaustive. We commend it to all who make a study of political economy and its deductions are applicable to the condition of things in this country at the present day.”

*Morning Patriot*, Jackson, Mich.—“We like GUNTON'S MAGAZINE because it is an honest protection periodical, and

never knowingly misstates a fact. Misrepresentation is so common in tariff advocacy that this makes reading it quite satisfactory."

*Daily Herald*, Norristown, Pa.—“Whoever desires to keep up with the developments of the day in the discussion of politics, finance and economics should become a reader of GUNTON'S MAGAZINE.”

*Standard*, Watertown, N. Y.—“Professor Gunton is a well-known and able defender of ‘scientific protection’ and sound money, and the author of several works of repute, one of which, ‘Wealth and Progress,’ is pronounced by the *Political Science Quarterly* to be the most notable contribution to the science since Walker’s ‘Wages Question.’ We should think this magazine would be of especial interest to intelligent students of affairs just now.”

*Daily News*, Dansville, N. Y.—“That peerless economic monthly, GUNTON'S MAGAZINE, for April, is on our table. We can frankly say of it that for those who wish to quit so much haphazard reading and turn to the real study of economic subjects, this is the magazine they want. To the public man who wants to really understand public questions in their economic bearings, it is a great help.”

*Morning Herald*, Utica, N. Y.—“GUNTON'S MAGAZINE is filled with an abundance of interesting and instructive reading for the student of economic and political science. This periodical is one of the most useful aids, if not almost indispensable, to an intelligent understanding of the great public questions.”

*Daily Times*, Gloucester, Mass.—“GUNTON'S MAGAZINE, devoted to American economics and political science, is replete in matter which enables one to become thoroughly acquainted with the leading topics of the day.”

*Cape Ann Breeze*, Gloucester, Mass.—“GUNTON'S MAGAZINE is one of which those who have a liking for solid literature are fond.”

*Press*, Cambridge, Mass.—“GUNTON'S MAGAZINE discusses in a forcible tone various phases of the subjects of American economics and political science. It is safe to say that the magazine holds a conspicuous position among the successful monthly periodicals, and every number brings forth something fresh and interesting in relation to those subjects which are exacting such widespread attention at this time.”

*Herald*, Steubenville, O.—“It is the only magazine in America devoted to political economy, and its arguments are as sound as its statements are reliable.”

# GUNTON'S MAGAZINE.

JUNE, 1896.

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## The Coming Presidential Conventions.

IN no national election since the War have the issues been of such vital importance to national welfare as are those involved in the Presidential election of 1896. Not that the tariff and the money questions are new; on the contrary, they have been mentioned in almost every Presidential platform since Lincoln; but the public mind has been in such a general formative state on these subjects, that a vague reference to them sufficed to satisfy public opinion. During the last decade a steady crystalization of public opinion on both these themes has been going on, which has been greatly intensified by the experience of the last three years. The protracted business depression, with its alarming deficiency in the national revenues, caused by the effort to overthrow our tariff policy, has created a strong reaction on the subject of protection, and brought prominently to view the serious defects in our banking and monetary system. So that the two questions that will take precedence of all others in the national election this year are protection and money.

Whether these subjects of national importance shall be dealt with on the plane of broad economic and monetary principles; or their treatment shall be subjected to the interests of political party-expediency, will largely depend upon the coming conventions to be held at St. Louis and Chicago on the 16th of June and the 7th of July, respectively.

The Democratic party is in such utter discredit with the nation and so fatally divided against itself that its action cannot be expected to exercise any very important influence, since it has no serious expectation of success. It is, therefore, to the Republican convention that all eyes are turned. It is from St. Louis and not from Chicago that the nation is nervously waiting for the voice of wise statesmanship on these important sub-

jects. There never was a time in the history of the Republican party when its highest wisdom was more imperatively needed. It is the opportunity of a generation; and the responsibility is commensurate with the opportunity.

If the Republican party allows itself to descend to factional squabbles and trifling compromise on these great national questions, it will commit the error of its life, and prove to the nation that it is as barren of true statesmanship as is the Democratic or Populist party.

On the tariff question, under the leadership of Mr. Cleveland, the Democratic party has deserted the American policy, and has entered the folds of free trade, so that on the question of protection the Republican party stands alone. On the money question, both parties have habitually announced themselves as favoring bimetallism, but the steady decline in the value of silver has produced a wide difference of opinion between the East and West. The Eastern or manufacturing and commercial sections of the country have grown more afraid of silver, while the West and South have clamored more vigorously for it. The East has shown great caution and even timidity about offending the West on the silver question, and this very timidity seems only to have emboldened the South and West in their insistence, not merely upon a liberal use of silver, but upon the extreme demand of unlimited coinage of silver at 16 to 1. Indeed, every suggestion of modification of the demands of the silver advocates looking towards a limited use of silver at 16 to 1 or free coinage at its bullion value has been scornfully rejected; their war cry is free coinage at 16 to 1, or nothing. By this irrational attitude they have forced the fight until the issue is now not between bimetallism and monometallism, but between a gold and a silver standard. Although the responsibility of this position may be charged to the unreasoning attitude of the silverites, that is no justification for the Republicans to act on this narrow view of the subject. A comprehensive treatment of the money question in all its aspects of banking and currency, and not a mere choice of the standard, is expected of the Republican party.

It sometimes occurs in the history of a great party that it cannot do the best it knows, but must be contented to compromise with the opposition in order to prevent something worse

being adopted. This was the case in the passage of the Sherman Silver Purchase Law in 1890. Nothing but the fear of the passage of a free coinage law induced the Conference Committee to report the Sherman Bill. No such conditions exist in 1896. The blunders of the present administration and the reckless persistence of the free silver advocates have made the Republican success an assured fact. Upon the Republican party therefore will rest the entire responsibility for shaping the national policy. Is it equal to the emergency?

If the Republicans are to justify their return to power, they must rise to the level of the occasion. The defeat of free silver would no more constitute a solution of the money question than would the defeat of socialism constitute a solution of the labor question. At best, the defeat of the free coinage of silver is a mere negative victory. The present situation calls for something more than mere organized negation; it is positive constructive statesmanship that is required, on both the protection and money questions.

Of course, the so-called sound money and tariff reform doctrinaires will be profuse with their advice in the treatment of these subjects. Although they will offer "gilt-edged wisdom" and the "independent vote," it should not be forgotten that it is to their leadership we owe the last three years' experience. With them sound money means mere antagonism to silver, and tariff reform means destruction of American industries. It is not from this class, no matter how friendly their purring may seem to be, that the St. Louis convention can look for statesmanship and strong political guidance. All it really needs is to be true to the traditions and principles of its own party.

On the tariff question, the declared object should be not merely revenue but protection—protection to whatever is desirable in the interest of the nation's prosperity and advancement for us to maintain and develop. The wages and the standard of living of American laborers should be made imperatively to constitute the lowest datum line of competition in the American market. No competitive commodities should be permitted to enter this country by means of a lower labor cost of production. Foreign producers who desire to sell to American consumers must be compelled to pay in duties to this

country what they fail to pay in wages in their own country. It should be erected as an irrevocable standard in foreign trade that American wages are the basis of American competition. In other words, that foreigners shall only be permitted to have the economic advantage of American markets by rising to the equivalent of American wage conditions. And this principle should also be as rigidly applied to the immigration of laborers as to the importation of products.

On the money question, it is specially important that the St. Louis convention be true to its party traditions. We have, perhaps, the worst currency system in Christendom. The worst features of our monetary system we owe directly or indirectly to Democratic statesmanship. The sub-treasury system, and all that implies, we owe to the political perversity and fiscal insanity of Andrew Jackson, in his malicious determination to overthrow the second bank of the United States. The present greenback issue was made necessary by the Southern Rebellion, as was also the present National Banking system with its bond security circulation.

It is the fiat fixity of the Government notes and the bond security for the bank currencies that renders our money non-elastic and incapable of expanding and contracting with the business needs of the community. It is the non-elasticity which makes our bank currency the most costly in the world. To this fact, is due the great inequality in the rates of interest with its oppression of the farming population of the South and West. Indeed, this is their real grievance which they are mistakenly charging to anti-silver legislation. What the South and West need is not cheap money in the sense of money of small value, but in the sense of good money at low rates of interest. This cannot be obtained by free silver or any other change in coinage laws. It must come from a reform in the methods and system of banking, which shall afford the same credit accommodation to the farmers of the South and West that are now enjoyed by the manufacturers and merchants of the East. For this, we must look not to the mere anti-silver feeling of Wall street, but to the policy of Hamilton as exemplified in the first and second banks of the United States. There we had the best monetary system in the world. It gave us good money, plenty of money, uniformly low rates of interest and profitable bank-

ing, which we might have had to this day, and avoided the era of wild cat banking, greenback issues and the handicap of the present national banking system, but for the unpatriotic blunders of Democratic statesmanship.

If the St. Louis convention will rise above the mere sectional contest between gold and silver and look to Hamilton instead of to Wall Street for its inspiration, for its tariff and monetary policy, we may hope for a statesman like platform which will give us broad, scientific protection and a monetary programme that shall have all the advantages of a safe, elastic currency, with an adequate banking system that shall serve the rural farmers as cheaply and abundantly as it accommodates the wealthy merchants, manufacturers and bankers.

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### Bishop Potter as an Arbitrator.

THE recent decision of Bishop Potter in the case of the striking lithographers in New York City has created considerable adverse criticism in the press. It is one of those cases whose discussion involves the conditions and economic principles underlying the whole wages question. The Bishop decided in favor of the men and consequently to the great dissatisfaction of the employers; and the press, as is usually the case when any industrial subtlety arises, seems to side entirely with the employers. Much is made of the fact that, in giving his decision, the Bishop remarked that "it was in harmony with the tendencies that make for social progress," as if that were a matter which should have no influence in such a decision. One morning paper cynically remarked that "harmony with tendencies that make for social progress could not be reduced to a marketable item." Nothing, according to this journal, should have influence in deciding social conditions and industrial policies that cannot be reduced to a marketable item. Little wonder that such journals exercise no serious influence upon the discussion of weighty, economic and political problems.

The fact is that the labor question is chiefly a matter of "tendencies that make for social progress." It often happens that in the conflicts between labor and capital, that is the only

fact to be decided. Of such is the whole question of shortening the hours of labor, improving the sanitary conditions of workshops; enforcing educational opportunities for factory children; establishment of free kindergartens; the suppression of unwholesome tenements; the cleaning of streets; increasing the number of public parks and the general improvement of the surroundings of the homes of the laboring classes. These are all measures whose adoption depends on their being "in harmony with the tendencies that make for social progress." For any other reason, they would always be opposed by the tax-payers; and unfortunately, as it is, they are too frequently opposed by them. Those who sneer at this sentiment only show how little they know about the very elementary character of the modern labor question. Every improvement the factory laborer now enjoys over the beastly and degrading conditions of the English factory operative of the first quarter of the century has been secured solely on the ground that they were "in harmony with the tendencies which make for social progress," and have always been opposed because they could not be reduced to a "marketable item."

Bishop Potter's argument and decision may be criticised, but not for any such superficial uneconomic and unstatesman-like reasons. On the contrary, to be "in harmony with the tendencies that make for social progress" is an indispensable quality of all wise public policy. In order to criticise Bishop Potter's decision fairly, it is necessary to consider the controversy which he was called to arbitrate upon. According to the Bishop's letter, the questions at issue were as to

- (1) The abolition of piece work.
- (2) A minimum scale of wages of \$18 per week.
- (3) Certain limitations and regulations as to the employment of apprentices.
- (4) The rate of wages to be paid for overtime.
- (5) Whether 44 or  $47\frac{1}{2}$  hours should constitute the week's work.

In the first place, it should be remembered that in calling in Bishop Potter as an arbitrator, they did not call in an economic expert but the most prominent representative of Christian and human sentiment in the community. It was to be expected, therefore, that in the absence of any specified data

upon any given points, the decision would be given in accordance with the most humane aspects of the case; or in favor of what was most "in harmony with the tendencies that make for social progress." It would have been discreditable to the head, heart and profession of the Bishop had it been otherwise. But in all such cases, there are elements to determine which, good human impulses and Christian charity are not the safest guides.

Generous impulses might and frequently would decide quite contrary to the real "tendencies that make for social progress." It is exactly at this point that Bishop Potter seems to have erred in his decision.

It appears that the third and fourth propositions, viz.: the limitations as to the employment of apprentices and the rate of wages to be paid for over-time were decided by the other arbitrators, and only the first, second and fifth were left for the Bishop to pass upon. The last one, viz.: whether 44 or 47½ hours should constitute a week's work, the Bishop decided against the men in favor of the 47½ hours for which the employers think he was a "second Daniel." On the first two, however, abolition of piece work, and the minimum scale of wages of \$18 per week, he decided with the men, and it is this that has caused the adverse criticism.

The employers complained "that to abolish piece work is an infringement on the personal liberty of contract." To this the employés very properly reply that "present economic conditions have practically put an end to personal liberty of contract in nearly all trades." This plea for personal liberty of contract is the held-over argument of the English manufacturers against the 14 hour system of 1819. Every business man acquainted with the methods of modern industry knows that this so-called personal liberty of contract is a myth. He knows that neither laborers nor employers can individually make contracts regarding wages, hours of labor and other conditions associated with the employment of labor. Factory methods have made it imperative for all laborers to work under the same conditions as to wages, hours of labor and all other appointments attending their work. That is indispensable to the efficiency of integrated labor. All such questions, as the time of starting, stopping, amount of time allowed for meals, price, etc., are

determined for the laborers *en masse*; and if any individual laborer objects and insists upon making an individual contract differing from this, he is permitted to go elsewhere, only to find the same rule in operation. These are matters which neither employés nor employers can avoid. They are essential to the very organization of industry in which large groups work interdependently with each other, and modern methods are employed. Consequently, to talk about abolition of piece work being an infringement on the personal liberty of contract is the acme of absurdity. On the contrary, the very conditions of industry which have brought piece work into existence, rendered personal liberty of contract practically impossible.

But the absurdity of the employers does not increase the wisdom of the Bishop's reasoning on this point. He says:

"The gist of the matter seems to be this. There is a tendency at the present day among the working classes toward increasing solidarity. There is a strong movement among the employers of labor to resist this tendency. The conditions implied in the wage-work system are favorable to solidarity. The conditions implied in the piece-work system allow the employer to deal with his men separately, and to isolate, more or less, the interest of each from his fellows. \* \* \* If, nevertheless, the arbitrator or referee is required to give a decision, it seems to me that he must consult his highest conscience as to which of the opposite tendencies makes for the social good, and side with one or the other of the parties accordingly. \* \* \* Having called attention to it, I beg to add that I find myself constrained to decide in favor of the abolition of piece work."

On this point the reasoning of the Bishop is manifestly erroneous. It is no doubt true that under piece work, laborers are more or less pitted against each other, and the leaders chosen to set the price, and it is also true that the piece-work price is also based upon the day-work wages; that is to say, what the laborer can earn, by day-work, will be the guide for fixing the piece-work price, so as to make the weekly wages of the day-work and piece-work laborers substantially the same. It is on this principle that when new machines are introduced into an industry, the piece-work price per unit is reduced but the weekly earnings are usually slightly increased. But there

is nothing in this that militates against the solidarity of labor. On the contrary, in those industries where piece-work most generally prevails, the greatest solidarity among laborers exists.

Solidarity of laborers does not depend upon piece-work or day-work methods of employment. It depends on the disposition of the laborers to organize, and this in turn largely depends upon the obviousness of their interests so to do. In mechanical industries, where large numbers are employed and machinery is used, piece-work almost uniformly prevails; yet, these are the very industries where individual contract and isolated action is most impotent. These are the very industries where all the conditions of work and wages are decided *en masse* for the whole group, and consequently where solidarity is almost inevitable. In fact, there is no conflict whatever between piece work and industrial solidarity or labor organizations. Laborers can organize and act in concert with just as much efficiency for an advance of 5 cents a dozen, or 2 cents a hundred yards, or 10 cents a ton, or 5 cents a thousand gallons, as they can for 25 cents a day. Consequently, the reasons the Bishop gives for deciding against piece-work are wholly uneconomic and erroneous. It may be that in certain branches of lithographing, piece-work is unfeasible, but, if such be the case, it is due to the peculiarity of the work and not at all because it is contrary to the "tendency of solidarity among the laborers."

The next point, viz., minimum scale of wages of \$18 per week, involves no economic subtlety. As the Bishop says, "the two points hang together." If the men are to work by the day, they must have a definite daily wage. Whether it should be \$18 a week, or more or less, was a very proper question for arbitration. The decision of the Bishop in favor of the men on this point appears to be fully justified. In their interview the morning after the decision, the employers said they "offered evidence to prove that the wages of the artists in the different grades averaged \$23.50, \$27.64, \$23.33 and \$20.50 a week, or about 178 per cent. more than the average man in mechanical industries receives, and that the wages here are \$1 for every 25 cents paid in Germany for the same work."

If these figures are correct there can be no objection to the Bishop's decision that the minimum wages should be \$18 a

week, since that would be \$2.50 a week less than, according to the employers' statement, they now receive. The fact is, however, that only fancy prices were quoted by the employers in this interview. We have before us an official schedule of the prices received in twenty-one shops in February, 1896, which shows that some of the wages are as low as \$9 and \$10 a week, and that, taking the lowest and the highest altogether, the general average of the whole is \$21.15 per week. The Bishop's decision was doubtless made with a full knowledge of these facts.

The complaint that the wages are higher here than in Germany, and higher in New York than in many other places in this country, is not entitled to serious consideration. If any weight were given to this claim which is invariably presented in wage disputes, no increase of wages would be possible in this country until the wages in Germany arose to the American level; and no increase of wages would be possible in New York City until they were as low as in the most rural districts. Such a policy would prevent all progress. Wages are higher here than in Germany and opportunities for employing lithographers to make money are many times greater in this country than in Germany. If they want to pay German wages, let them do business in Germany and accept German prices and other conditions. If they want to pay the wages of the rural conditions and small towns, they must go to the small towns for their business. They can't have American opportunities for German wages or New York opportunities for rural wages.

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### The Banks and Sound Money.\*

In contemplating a reform of any social institution, the statesman has to consider, not merely what would be the best thing to do, but what, under the circumstances, is feasible.

It is hardly necessary to say that a sound and efficient monetary system would have no Government fiduciary money in its currency. No money would be legal tender except standard coins, and banking would be a business entrusted entirely

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\* This article by George Gunton was published in *The Bond Record*, June, 1896, under the title, "Can Greenbacks be Retired without Issuing Bonds or Contracting the Currency." Reprinted by permission.

to private enterprise, in which the Government would exercise only the police function, such as inspection, enforcement of contracts, minting, printing of notes, etc., so as to guarantee integrity in weight, measure, fineness of coin and genuineness of notes. All notes should be issued by banks, subject to current coin redemption; and to accomplish this the banks should be integrated with redemption centres and branch banks, so that currency notes, like individuals' checks, would be subjected to the test of solvency by constant return for redemption. This would furnish at once specie payments and an elastic currency, expanding and contracting with the needs of solvent business, which is precisely what our present system fails to furnish. This would involve a radical reorganization of the banking system, including the retirement of the greenbacks; the abolition of the bond securities for note issues of national banks; the abolition of the 10 per cent. tax on state bank circulation; the repeal of the legal-tender act, and the establishment of a branch bank system with a central or federal bank.

There are many reasons why such a sweeping programme would be difficult to accomplish at present, because of the confused opinion, almost amounting to superstition, among the people on various phases of the monetary question. For instance, a central or federal bank with branches, although the most perfect system ever adopted, suggests the idea of reviving the banks of the United States, which, for purely political reasons, have received a bad reputation. So prevalent is the superstition against the banks of the United States, that able and otherwise sound writers on finance feel called upon to speak of them as a failure. Even Mr. Dods-worth, editor of *The Journal of Commerce*, in the Sound Currency Pamphlet, says: "We began our existence with fiat government paper; after the disastrous failure of that folly, we tried the expedient of issuing notes by two specially authorized United States banks which equally ended in disaster alike to the banks and the public."

This is an error, evidently born of the popular political prejudice created by Jackson's opposition to the bank. Both banks of the United States were financial successes; neither noteholders nor depositors of either ever lost a dime. The second bank of the United States took a herd of wildcat-

banks whose notes were varyingly depreciated from 10 to 40 per cent., brought them to specie payments and saved the country from a financial collapse. The notion that the banks of the United States were failures is a part of the monetary superstition which may be relied upon to retard the progress of currency reform.

The greenbacks, and the national banks with their bond security circulation, are also surrounded by a superstition; but it is a superstition in their favor. They were both born during the Civil War, and are so interwoven with our thirty-two years of greatest prosperity as to occupy an almost sacred place in public opinion. They both came into existence as emergency measures rather than as efforts to found a system of sound financing. The Government issued the greenbacks to furnish money to carry on the war, because the ordinary supplies of money were tightened, and almost closed against it. It organized the national banking system with bond securities mainly as a means of compelling the banks to take the Government bonds. Thus, both these institutions are associated with a national crisis, which they helped us to tide over and save the Union.

This fact has done much to create a halo around the greenbacks. That which saved the republic in time of war, when it had no friends, is held to be good enough to use in time of peace. The greenbacks are called good money; even John Sherman thinks they are the "best money in the world." Consequently, there is a strong vein of popular sentiment which will resist the retirement of the greenbacks. This sentiment in favor of greenbacks as the saviours of the republic is supported by another vein of social superstition which is made up of the various currents of socialistic opinion, including Populism, Grangerism, Greenbackism and Free Silverism, which believe that the Government should own or control productive industry, and particularly that it should have absolute control over the supply of money. They are especially antagonistic to the bankers, and hence are very suspicious of any change in our monetary system in the direction of transferring the function of issuing money from the Government to the banks. This they regard as taking the chief instrument of industry and commerce out of the hands of the people and putting it into the

hands of monopolists, who are in constant conspiracy against public welfare.

With all this suspicious, ill-informed public sentiment upon the monetary question, a thorough reorganization of our currency system, upon the principal of sound banking, is as difficult as it seemed forty years ago to abolish slavery. Yet, if anything at all is to be done, it should be done upon these lines. How much real monetary reform them is feasible? Nothing is worth doing which does not permanently retire the greenbacks, and thus take the Government out of the banking business, and rid the monetary system of legal-tender fiat money.

There are two methods by which the greenbacks may be retired. One is with the Government issuing bonds and obtaining gold to redeem them. The other is to have them redeemed and cancelled by the banks. Against the first method two objections will be urged. One is that for the Government to issue bonds to pay off the greenbacks would be to convert a non-interest-bearing debt, into an interest-bearing debt, and thus increase the public burden by about \$16,000,000 a year. The other objection is that the retirement of the greenbacks in this way would seriously contract the currency and create a financial panic of unheard-of dimensions. These objections are sufficient to make it difficult, if not impossible, for a considerable time to come, to get Congress to vote for the retirement of the greenbacks by means of issuing \$500,000,000 worth of bonds.

The other alternative is for the banks to redeem and retire the greenbacks, and in order to avoid the evil of contracting the currency, substitute their own notes for the greenbacks, dollar for dollar. To this, it would seem, there could be no opposition on the part of the public. Even the popular prejudice against the banks could not create an objection to the banks relieving the Government of an indebtedness to pay which would involve a principal of \$500,000,000, or an annual interest of about \$16,000,000. The opposition to be encountered here is from the banks. Will they undertake the task of assuming the Government indebtedness by retiring the greenbacks and treasury notes and replacing them with their own notes? Of course, banks are business institutions and can only be expected to act on business principles; but whenever their business interest

will justify it, they may properly be expected to act in the interest of public welfare.

What interest have the banks in doing this? Would it pay them? There can be no doubt whatever, that the retirement of the Government legal-tender notes, without issuing interest-bearing bonds, or contracting the currency, thus putting all the paper money in the country on a coin-redemption basis, would be an excellent thing for the country; and if the banks can afford to do it, there would seem to be no valid reason why it should not be done, and done at once.

In the first place, the banks would not have to assume a debt of \$500,000,000. The portion of the debt which circulates as money consists of the greenbacks issued under the laws of February 25 and July 11, 1862, and March 3, 1863, of which \$346,681,016 are now outstanding; and \$137,324,280 in treasury notes, issued in the purchase of silver under the Sherman act, now outstanding, making a total of \$484,005,296. It is estimated that during the thirty-three years of their circulation some \$20,000,000 of greenbacks have been lost or destroyed in various ways, leaving an actual indebtedness of \$464,005,296.

Of course, in assuming this indebtedness, the banks would receive whatever assets were held by the Government as security for this debt. This would include the \$100,000,000 gold reserve and the silver bullion now in the treasury, for the purchase of which the Sherman notes were issued, which, on February 1, 1896, was officially stated at \$124,575,129. In addition to this, they would receive the Government deposits which are now locked up in the sub-treasury, amounting on an average to about \$100,000,000. (February, 1896, it was \$162,000,000.) They would also have returned to them the \$220,000,000 worth of United States bonds, which they are now obliged to keep permanently on deposit with the comptroller of currency as security for the redemption of the \$217,181,917 of national bank notes, now in circulation (March 1, 1896), on which they draw only about 3 per cent. interest, when the capital is worth to them fully 5 per cent. This net loss of 2 per cent. is equal to \$4,400,000 a year, which is equivalent to \$88,000,000 of capital, earning 5 per cent. In short, the case would stand as follows:

## INDEBTEDNESS.

Greenbacks.....	\$346,681,016
Treasury notes (1890).....	<u>137,324,280</u>
Total.....	\$484,005,296

## ASSETS.

Gold reserve.....	\$100,000,000
Silver bullion.....	124,575,129
Greenbacks lost and destroyed.....	20,000,000
Government deposits.....	100,000,000
Capital value of \$220,000,000 of returned bonds.....	<u>88,000,000</u>
Total.....	\$432,575,129
Net indebtedness .....	\$51,430.167

It will thus be seen that the actual indebtedness to be assumed by the banks is not \$500,000,000, as commonly supposed, but only a little over \$51,000,000, no part of which the banks would really have to pay.. What would the banks receive in return for assuming this slight indebtedness? First of all, they would be relieved from the present burden of bond deposits for circulation, which to-day practically deprive rural banks throughout the United States of the only advantages the business of banking can have outside large cities. Indeed, the high-priced bonds and the restriction of note issues to 90 per cent. of their par value, together with the 1 per cent. tax on circulation, has essentially destroyed all inducements for national banks to issue notes. It is very much like compelling a manufacturer to invest one-third more capital in his machinery and plant than is necessary efficiently to conduct his business.

By this method the national banks of New England are compelled to use three times as much capital to do about the same amount of business as are the banks of Scotland. Besides being relieved from this handicap, they would acquire the right to issue all the notes upon which they could maintain coin redemption.

In doing this, therefore, the banks would be amply repaid in the increased freedom for sound banking. In thus assuming the government obligation and freeing it from fiscal entanglement, while enlarging vastly their direct lending power among the people, the banks would disarm the popular prejudice against them. They would unmistakably put themselves in the position of public benefactors, and henceforth, instead of being regarded

as the instruments of monopoly, they would stand conspicuously as generous aids to both the government and the people.

Of course, this would involve the establishment of some integrated relation of the banks so as to create redemption centres, accomplishing the result obtained by the branch bank system, which is necessary in order to keep the solvency test active by constantly forcing all bank notes home for redemption.

With this modification of our banking system, there would no longer be any need of a ten per cent. tax on state bank circulation. All that would be necessary would be for state banks to attach themselves to some central bank or redeeming agency through which their notes could be redeemed. This would enable the maximum freedom of banking with the minimum burden of expense. By thus reducing the cost of monetary machinery, it would tend greatly to lower the rate of interest in the rural sections of the country and extend the capacity for note issues and fiscal accommodation into every village in the country. Such a measure would assist the Government, benefit the banks, render an invaluable service to the farming and small business population. In fact, the farmers and small business men would gain many times more through the lower rates of interest than they could ever hope to gain by the free coinage of silver or any of the Populistic programmes from which they expect so much. I can think of no one measure that would do so much towards clearing our present monetary muddle, stimulating business confidence and creating a wholesome public opinion towards our monetary institutions, as the retirement of the greenbacks by the banks and the putting of our paper money on a coin redemption basis.

Estimating the entire banking capital and deposits of the country, national, state and private, at \$4,000,000,000, the advantages to be derived from integrating and federating the vast volume of capital, so as to place it all, or the greater portion of it, behind the note issues of the country would be incalculable. Much less legislation would be necessary to this end than is frequently assumed, because the banks tend to integrate into the right sort of an organization among themselves, if simply set free to do their business in their own way. The best law of banking is the rut or custom which bankers fall into of their own accord. There was never any statute requir-

ing the Suffolk bank to redeem the notes of the other New England banks, or prescribing the deposit each bank should make in the Suffolk bank, to protect it in redemption, or limiting the notes any bank should issue or the reserve it should keep. Yet the Suffolk system worked perfectly. All its notes were redeemed, and it issued no notes which it ought not to have issued, and there was no wild-cat in it, notwithstanding there was no statutory restriction.

So there was no line in either of the statutes creating the First or Second Bank of the United States requiring it to redeem the notes of the various state or private banks, yet it did so as part of its banking business, and the Second Bank was established chiefly with the motive that it should do so, founded on the experience that the First Bank had done so. Usually it no more requires a statute to secure redemption of the notes of correspondent banks by a central bank, than it requires a law to compel wholesale merchants to give credits in trade to retail merchants. The most important functions of banks throughout the world are not enjoined on them by law, but are assumed as growing out of self-interest.

The integration of our American banks into one banking system, so as to ensure a combined placement of their entire capital and deposits behind each and every note issued, hardly requires any other law than simply a removal of the obstructing laws that now exist, viz.:

1. A repeal of the Bond Security law ; for so long as this exists no note will seek redemption until after the bank has failed, which is too late for the best results.

2. A repeal of the ten per cent. tax on the state bank notes ; for so long as it exists no state or private banks can issue notes, and without competition in note issuing there can be no relief from the high rates of interest which oppress the West and South.

3. A repeal of the Legal-Tender Act ; since while this exists, banks cannot safely be suffered to issue their own notes, but must issue a bond-secured note.

4. A repeal of the law requiring national banks to invest a third of their capital in national bonds ; since the prospective payment of the national bonds would upset any system founded on this provision.

5. A repeal of the Sub-Treasury Law.

All these barriers to free and legitimate banking are now law.

The only constructive law that need be passed would be either a law providing for the integration or federation of all the American banks—national, state and private—into a branch system, or a law providing for the creation of a fiscal bank of the American Union with upwards of \$100,000,000 of capital, of which the Government of the United States should own, say one-fifth. Such a bank would immediately proceed to federate or integrate the whole banking system of the country by the mere force of its leadership in financial influence. However this result might be accomplished, the consolidated system could easily issue a note currency equal to one-fourth of the assets which would stand behind it, on the basis of daily coin redemption, and complete liability of all the capital, deposits, and shareholders of each bank for the notes issued by it.

In addition to the \$464,000,000 of bank notes, issued by the banks in lieu of the greenbacks and Sherman notes which they retire, let us suppose that the community gradually takes from the new banks to be started in the South and West, about \$500,000,000 more upon which the banks issuing them and their correspondent banks in the cities maintain daily gold redemption. This system of things would keep about one thousand new country banks constantly supplied with whatever proportion of \$100,000 each of loanable notes daily coin redemption would send "homing" to it. If we suppose this to be a third, then the hungry rural sections of the East, South and West would have constantly out on loan among them about \$330,000,000 of new funds, and constantly in the bank drawers awaiting new loans about \$166,000,000.

This would bring to a short termination by prompt payment the system of farm liens and long credits which is now impoverishing the South. It would wind up much of the farm mortgage tendencies, which are bleeding the rural districts, east and west. It would restore a jubilee of cash payments. It would end fiat money, and at the same time make really good money plenty. It would restore gold and silver to their normal functions as means of redemption. It would make all our credit money sound by basing it on visible assets. No real obstacle exists in the way of achieving all this good, except the simple

difficulty of restoring sound traditions concerning banking and credit money, among a people who have been wandering in the wilderness of sub-treasury, wild-cat and fiat for sixty years.

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### History of Banks of Issue.\*

MR. CONANT has written a compendious history of banks of issue because he regards the theme as one of the most important with which the historic muse can concern itself at this time. "It bears," he says, "directly upon the best means of developing the possibilities of individual and national life." Nevertheless, the work is not strictly a study of the economic effects upon industry and upon society of the paper currencies issued by either government or banks, although at occasional points in the narrative glimpses of such effects break in upon us. It narrates the rise of banks as business undertakings, the political and personal conflicts about them, and the modes in which they have done their business. It does not deal with the changes in volume of paper currencies, their effects upon coinage, commerce, prices, costs and production, which make up the economic results of paper money. His plan "excludes the systematic treatment of paper money, which would of itself fill a volume." The main doctrine of the book is that which has for years been so strenuously taught in this magazine, viz., that the paper currency of a country should be issued by its banks only, under the very least government supervision essential to secure constant daily redemption of its notes in coin, and that only a currency so issued can be "regulated by commercial conditions," or can be stable, elastic, useful or sound.

In his first chapter on "The Theory of a Banking Currency," Mr. Conant defines the differences between the banking principle and the currency principle. It is that the banking principle regards bank notes as mere substitutes for the notes of merchants running on time, whereby something generally acceptable in exchange is given in place of a note having only a limited acceptability. The "currency" principle, on

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\* A History of Modern Banks of Issue; with an account of the Economic Crises of the Present Century, by Charles A. Conant. 595 pp.; 8vo. New York and London, G. P. Putnam's Sons, 1896.

the other hand, regards the bank note as performing the functions of money, and its volume or total supply as subject to regulation by the state, on the theory that it affects prices, production, values and prosperity in like manner as coin. We doubt if there are any two "principles" in the case, which can be designated, one as a "banking" and the other as a "currency" principle. There are two classes of students of the workings of paper money of any kind, one of which follows the note, or the bank which issues it, to its close, mainly to see whether the promise contained in the note is kept, and holds it to be good or bad according to this single criterion. This may be called the Banking School of Investigators. Of this are all who deny that bank notes or paper money affect real prices. It is doubtless a healthy and natural coincidence that in almost no instance has there been any other final outcome to paper money save repudiation, unless it was issued through banks, and was based upon the exchanges of actual value that arise in commerce. At present our greenback currency might be pleaded as an exception, provided there were anybody that could tell us when, where or how it is going to be finally redeemed and retired. At present we are only redeeming it by an increase of debt, which, in the nature of things, points toward repudiation in the end. Hence it cannot yet be quoted as an exception to the rule.

The "currency" school looks steadily to paper money, whether issued by government or banks, not merely as an ethical promise, dependent for its justification upon its performance, but as a fructifying dynamic creative force in industrial progress, influencing prices through the new totality of volume it imparts to money as a whole, which they say means the totality of freely exchangeable credits which can be used in purchasing goods.

This total volume of freely exchangeable credits is in their view that "state of the atmosphere," whose barometer is "price" and whose effect is prosperity if "prices" rise, and hard times if they fall. Of this school are H. D. McLeod, Carey, the Greenbackers, and generally those who oppose a return to a bank note currency redeemable in coin.

The Chapter II. on "Ancient and Modern Banking in Italy," in 17 pages, does all doubtless that can be done for so large a topic in so small compass. The Bank of Venice is

rightly defined as having consisted in making a government debt so easily transferable, and the interest on it so promptly payable, that men could utilize what the government owe them, as a means of paying what they owe each other, and should seek to be paid in government credit rather than in coin.

In view of the modern systems of "banking upon landed security," which are illustrated in the Mortgage Banks of Germany and Russia, in a manner which tends greatly to reduce the rates of interest to farmers and is as secure as any form of banking, it seems hardly up-to-date to identify that phrase on p. 24 with "Law's bubble," in which no lawful pledge of the title to specific pieces of land was ever given to the note holder. Certainly, no charge should be made that "banking upon landed security" is necessarily crude, or that the "belief that property may be transferred by paper representations with safety for banking purposes" is any less true of landed securities than bills of exchange, or that it "led the American colonies through every form of monetary folly" or "deceived for a moment even the sane, clear mind of Hamilton"—without backing up such sweeping anathemas by specifications and proofs far too weighty and important to be thrust sidewise and incidentally into a 17-page chapter on "Ancient and Modern Banking in Italy." It is this unnecessary habit of contemptuous and unsustained allusion to the most balanced and really inspired and constructive statesman America has ever known that marks, and we beg to say, marks unfavorably, the literary mugwump of New York City—the man who cannot address an audience or produce a book without advertising it as done after the designs of foreign tailors, and in perfect independence of all American influences. When the influence of a profound and absolutely wise American statesman is sought to be overthrown, it should be done with a more adequate recognition of the dignity of the task. In an American work designed to lead American finance in the direction in which Hamilton himself, in his report on Banking, not only blazed the way, but turnpiked the road, it is not worth while to sneer at the great teacher and architect in finance, one hour of whose influence to-day would make all such works as Mr. Conant's, however excellent they might be, needless.

The history (pages 28 to 37) of the outcome of the conflict

between the "greenback" system in Italy and the attempted return to sound banking is full of instruction for us. By 1874 840,000,000 lire (about \$175,000,000) of government legal tenders had been issued, and the effort was made to form the National Bank of Italy and the five other banks of circulation (viz., Roman, National Bank of Tuscany, Tuscan Bank of Credit, Bank of Naples and Bank of Sicily) into a syndicate, which should withdraw the (greenback) notes issued directly on behalf of the government, and substitute a like sum (840,000,000 lire) in bank bills of the National Bank of Italy, which were made legal tender throughout the kingdom.

The bankers of Italy should really have known that in making these new notes also legal tender they postponed coin redemption indefinitely, invited further inflation, and only piled up wrath against the day of wrath. The only purpose for which bank notes having assets behind them for redemption could with any point or meaning be substituted for irredeemable governments having no asset behind them, would be to get a form of circulation on which daily redemption in coin could be enforced. To this end all legal tender laws should have been simultaneously repealed. But instead the new bank notes were themselves made legal tender, thus cutting off the right to make that very demand for coin on them which would constitute the only test of their value and limit of their volume.

Most of the banks exceeded their legal circulation; all made improvident loans; the government retained an unlimited power of drawing on their resources, and to satisfy this unlimited power the National Bank of Italy was empowered to issue legal tender notes, without limit, for the purpose of advances to the government. The forced legal tender quality of their notes was not repealed until 1884, and out of these facts grow the financial morass in which Italy has ever since floundered.

Chapter III, on Banking in France, opens with a history of John Law's "Company of the West," in 1716, which was at first highly useful; and only when it had been overloaded with the management of the public finances, and of the commerce of two continents, did it collapse (1720) in what is now known as the "Mississippi bubble." Then followed the Company of the Indies (1721), the Bank of Commercial Discount (1767-1793), and the Assignats (1793-96), when all the fallacies of the fiatists

had full swing. All that was necessary to make money plenty again in the very hour when an issue of 45,578,810,040 francs had sunk to the point where one real silver franc would buy 1,000 of the "legal tender" francs, was to repeal the legal tender law.

"No sooner," says Prof. MacLeod, "was this great blow struck at the paper currency, of making it pass at its current value, than specie immediately reappeared in circulation. Immense hoards came forth from their hiding places; goods and commodities of all sorts being very cheap, from the anxiety of their owners to possess money, caused immense sums to be imported from foreign countries. The exchanges immediately turned in favor of France, and in a short time a metallic currency was permanently restored."

Thus, all the painful and unsuccessful efforts to maintain one dollar as good as another dollar failed, and all the scarcity of dollars ended when the law making the paper dollars legal tender was repealed.

The author (pages 66 to 70) differs from the current of financial writers in making the fall in the value of silver relatively to gold begin in 1867, instead of in 1773-4-5, and so precede and cause instead of follow and result from the hostile legislative action of Germany, which began in 1871 and culminated in 1873-4.

Chapters IV. to XII. of Mr. Conant's work are occupied with First Century of the Bank of England, Second Century of the Bank of England, The Scotch Banking System, Banking in Ireland, The Banks of Germany, The Austro-Hungarian Bank, The Bank of Russia, The Banks of Northern Europe, and The Banks of Southern Europe including those of Switzerland, Spain, Portugal, Greece and the Ottoman Empire. Upon these chapters we may make comment hereafter. Chapters XIII. to XVIII. treat of Banking on the two Continents of America under the titles "The Bank of the United States," "The State Banking System," "The National Banking System," "The Canadian Banking System," and "The Bank of Latin America." Exactly 100 pages are devoted to the history of Banking in the United States in its three distinct forms. There is no chapter distinctly on The Greenback System whereby the government assumes the functions of issue without assets for redemption,

and redeems with gold purchased by loans, which might well have been made the subject of a chapter, since it virtually entails on the Treasury all the burdens of a Bank of Issue without any of its safeguards.

Mr. Conant's sketch of the Bank of the United States, first and second, is political and personal rather than economic, but being accurate within its limitations, it becomes as it proceeds an unsympathetic vindication of those institutions, within the arena of ethical, moral and financial controversy. It does not bring out with the force and vigor which characterized McDuffie's and John Quincy Adams' Report, the fact that the Bank of the United States had rendered greater services to the government and people than the Army and Navy combined; had rendered these services without cost; had even paid highly for the privilege of rendering them; and in the event of future war, would aid greatly in lessening the cost of war by avoiding issues of government money, and thus maintaining the currency of the country flexible, stable and at par with coin. Mr. Conant does not discuss the kind of currency secured to us by the Bank of the United States, nor show its advantages as frankly as was done by the Committees of Congress in 1830-34, and as has since been done by Mr. Stephen Colwell, in "Ways and Means of Payment," and by Mr. Henry V. Poor, in "Money and its Uses." He does show, however, that the Bank of the United States came out of the fight against Jackson with its credit still good, that it paid all its debts, and redeemed all its notes, and that only its stock holders lost by the war which the government made upon it. He does not, however, emphasize the fact that the elimination of the bank intensified, if it did not chiefly cause, the crisis of 1836-7. He does show (p. 308), that no sooner was the Bank of the United States out of the way, than the state bank currency was at a discount of ten per cent. and the government itself, which in forty years of the Bank of the United States had never lost one cent on its deposits or dividends, was compelled to accept \$25,000,000 of its deposits from the pet State Banks, in bank notes bearing an average depreciation of 10 per cent. at the time they were taken, the actual amount realized on which is not stated.

The history of the State banking systems is interesting, and embraces many details, which within their field are accu-

rate, but they are not brought into comprehensive logical statesmanship by any vigorous current of economic theory. This current would be supplied by attaching all the losses, wrecks and crises which attended the State banking systems, to the lack of efficient national headship in a bank of the United States, capable of enforcing coin redemption. With this clue added, the chapter on State banks becomes coherent. The success of the Suffolk system and of the State Bank of Indiana, is due so far as it went to the fact that they followed the policies of the Bank of the United States, though in a more limited way. The "free banking" and "safety fund" systems were without merit—mere phantasmagorias.

In Mr. Conant's concluding chapters, after one on banking in Africa and the East, he has four chapters on crises, entitled respectively "Crises and their Causes," "The Early Crises of the Century," "The Later Crises of the Century," and "The Crisis of 1893."

He regards crises as due in all cases to "an expansion and collapse of credit." This is what crises *are*. Being itself the fact which requires explanation it cannot at the same time be its cause. We regard crises as due more often to a shifting in the channels of production, and a drying up of old sources of supply, that have become too costly, and that must for the better economizing of the world's energies be replaced by new ones. The collapse of credit is not the cause but only the barometer that makes the symptoms known. On other occasions, as in 1893 to 1895, a crisis may be produced in America, simultaneously with a career of unprecedented prosperity in England, by an artificial shifting of localities of production brought about by changes in rates of duty on importations by a Tariff Act. At other times a crisis, even if it results immediately from a collapse of credit, may be really ascribable to some large inflation in the volume of a credit currency or in increased access to coin or the precious metals, which produced the expansion in credits in a manner due strictly to the output of the mines and the magnifying power of hope in the human mind to change the course of production and not to mere "human foolishness." To exhibit the different conclusions which may be come to by those who look at immediate, approximate or surface causes, and those who take more remote and recondite causes

into consideration, we may compare Mr. Conant's citation of causes (p. 462) for the leading crises of this century, which are generally of the former kind, to those to which they have been ascribed by others equally judicious.

## CONANT.

1825.—“Foolish investments in Latin American securities.”

1837.—“Loans in the United States.”

1847.—“The failure of the cotton crops.”

1857.—“Railway speculation.”

1866.—Effects of American war and useless investments in cotton mills and ships.

1873.—By railway building in the American wilderness.

1890.—New fever of investment in South America.

1893.—Loss of confidence of foreign investors.

## OTHER ECONOMISTS.

1825 (Carey, Patterson).—“The expansion in volume of English currency, produced by the return of coin to circulation in 1820, after thirty years of suspension, and the resulting plethora of money.”

1837 (Carey, Alison, Clay).—“Destruction of United States Bank, contraction of currency and low duties on imports under Compromise Tariff of 1832-3.

1847 (McCulloch, Alison and Carey).—There was no crisis in America. The crisis in Great Britain was due to repeal of the Corn Laws, drain of coin for foreign bread stuffs, and failure of Irish potato crop.

1857 (McCulloch, Carey, etc.).—Low duties of 1848, excessive importations of foreign goods, producing Wild Cat bank inflation of '50 and '51, ending in exports of gold and industrial collapse to American industries, and bankruptcies of American manufacturers in 1854-1855, thus causing non-payment of debts due to English merchants in 1856, whose withdrawal of credits produced American crisis of 1857.

1866.—The crisis applied to England only. It could not affect America because our currency would not export.

1873.—By the exhaustion of our supply of government bonds for export, and the consequent necessity of paying for our imports with coin or products.

1890.—No crisis in the United States.

1893.—No crisis in Great Britain. That in United States produced solely by election of Cleveland on a basis involving Gorman-Wilson tariff.

Mr. Conant's failure to connect the crisis of 1893 with the election of Grover Cleveland and a Congress pledged to reduce the tariff, may commend his book to the approval of a limited circle of mugwumps, but the American people as a whole are competent to settle some questions in economics by the sheer force of numbers and common knowledge. Mr. Conant has written a book of some literary merit and involving much care and research. The destructive force of his antipathies against the Bank of the United States, and the weakness of his apologies for the state banking systems prevent his criticisms from attaining the degree of constructive force essential to sound or true statesmanship. His book culminates in a doctrine that good banking currency can exist in Europe and Canada, and that a bad currency actually does exist in the United States. This is exactly where all the publications of the Sound Currency Committee land us. Their iconoclasm is so impartial that it leaves us no models. Their cynicism is so comprehensive that it admits of no plans. Their pessimism is so complete that they will advocate only an eternal calm, a financial Nirvana. Verily, there is more hope of a return to sound banking in Mark Hanna and Thomas C. Platt than in those who penetrate to the end of the earth in search of wisdom and come back with no other lesson than that a Bank of the United States would be exactly what we need were it not for—the ghost of Andrew Jackson.

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### The Founding of Harvard.

BY SARAH B. KENYON.

"THAT intellectual men should early contemplate an institution for the instruction of youth in the higher branches of science," says Josiah Quincy, when speaking of the origin of Harvard, "might be expected, and is in conformity with the usual practice of mankind. But this has ever happened after time had given validity to their occupation of the soil, and external enemies had been conquered or conciliated; after those roots of discord which naturally spring up among new combinations of men had been extirpated or overpowered; after wealth had begun to flow in and a sense of security, combining with a sense of prosperity, had given power and ex-

pansion to the spirit of benevolence. At such a stage of advancement institutions having for their object high and exact scientific education might be anticipated."

In this case, of all the usual conditions, we find but *one*—a company of intellectual men. But six years had elapsed from the settlement of Boston, and only sixteen from the landing at Plymouth, when these undaunted men took counsel together how they might best establish a seminary of learning. "The first necessities of civilized man," continues Mr. Quincy, "food, raiment and shelter, had scarcely been provided; civil government and the worship of God had alone been instituted when the great interests of education engaged their attention. Consider the situation. A strip of land of less than thirty miles on the sea coast, and extending scarcely twenty into the interior. Less than five thousand families in all. A mighty and dreadful wilderness reaching to their door stones; a cruel, subtle and relentless savage people inhabiting this wilderness; wild beasts and the terrible rattlesnake filling them with alarm; an Indian war impending, and religious discord filling their souls with bitterness. Can anything more sublime be conceived? For alike spirit under like circumstances history will be searched in vain."

On the pages of New England "*First Fruits*" I found the following: "We dreaded an illiterate ministry when our present ministers shall lie in the dust. \* \* \* The beginning and progress of the college doth fill our hearts with comfort."

On the 8th of September, 1636, the general court assembled, and their records contain the following: "The court agrees to give four hundred pounds towards a school or college, whereof two hundred pounds shall be paid the next year, and two hundred pounds when the work is finished, and the next court to appoint where and what building." The next year, 1637, the general court appointed twelve of the most eminent men of the colony to take order for a college at Newtown.

Says Johnson's *Wonder-Working Providence*: "For place they fix their eyes upon Newtown, which, to tell their posterity whence they came, is now named Cambridge. The situation of this college is very pleasant, at the end of a spacious plain, more like a bowling-green than a wilderness; near a fine navigable river, environed with many neighboring towns of note, being so near that their houses join with her suburbs."

Another writer speaks of it as "a plan very pleasant and accommodate, and then under the orthodox and soul-flourishing ministry of Mr. Thomas Shepheard."

Notwithstanding the promises and act of the general court, and the great amount of zeal among the members of the colony, it would have been some years before their designs could have been carried into effect, if it had not been for the bequest of Mr. John Harvard, who died at Charlestown in 1638.

Comparatively little is known of his life. He was educated at Emmanuel College, Cambridge, taking his degree of M.A. was a dissenting minister in England, and emigrated to Massachusetts Bay in 1637. He was made a freeman on November 2d, of that year, and preached in Charlestown until his death, of consumption, in the following year. To the college, not even actually begun, John Harvard left one-half his property and his entire library. As to the amount of the property, nearly all historians say it was £779 17s. 2d. Quincy contends that it did not exceed £400. The catalogue of his library shows that it contained two hundred and sixty volumes, of which many were among the most recent and valuable publications of the day.

"The half his fortune, and his entire library, from one, who, though he left no children, left a widow and general heirs who were dear to him, was the earliest, the noblest, and the purest tribute to religion and science this western world had yet witnessed. It was equally timely and unexampled. Was ever college more justly christened than when this infant of the new world was called Harvard?" His example was quickly followed. The magistrates subscribed among themselves £200 in books for the library; those who could afford it gave £20 and £30. "A number of sheep," says Pierce, "were bequeathed by one man; a quantity of cotton cloth, worth nine shillings, was presented by another; a pewter flagon, worth ten shillings, by a third; a fruit dish, a sugar spoon, a silver-tipt jug, one great salt and one small trencher salt, by others." Presents or legacies, amounting severally to five shillings, one pound, two pounds, were all faithfully recorded with the names of the donors. If we are at first tempted to smile, a little reflection will soon change this disposition into a feeling of respect and even of admiration.

"How full of noble examples," says Quincy, "is this picture!" "The poor emigrant struggling for subsistence, almost homeless, in a manner defenseless, is seen selecting from the few remnants of his former prosperity, plucked by him out of the flames of persecution, and rescued from the perils of the Atlantic, the valued pride of his table, or the precious delight of his domestic hearth, his heart stirred and his spirit willing, or gives according to his means, towards establishing for learning a resting place, and for science a fixed habitation on the borders of the wilderness. The inhabitants of the country, contributing from their acres or their flocks; those of the metropolis, from their shops and stores; the clergyman from his library, and the mechanic from his tools of trade. At the date of Harvard's death there was a school at Cambridge under the charge of Mr. Nathaniel Eaton, to whom was also entrusted the building of the college."

Mather in *The Magnalia*, says of him: "He was a blade, who marvellously deceived the expectations of good men concerning him, for he was one fitter to be master of a bridewell than a college. His personal honesty in money transactions seems not to have been questioned, but his temper was violent and quarrelsome, and his treatment of those under him extremely cruel; and he was dismissed in disgrace. And Mr. Samuel Shepherd was entrusted with the finances of the college, until in 1640 Henry Dunster became its president."

Dunster proved to be a competent man. He formed the first code of laws, revised the rules of admission, and the principles upon which degrees should be granted, retaining the simple scholastic forms; advanced the business interests of the college and himself instructed the students. The first class received its degrees in 1642. Its course of study had been that of English universities, modified to fit the churches with able and learned ministers. For admission, a certain preparatory course in Greek and Latin was required. These were continued, together with Hebrew, Chaldaic, Syriac, logic, ethics, arithmetic, geometry, physics, metaphysics, politics and divinity.

So good was the course that "some gentlemen have sent their sons hither from England, who are to be commended for the care of them. This hath been a place certainly more free

from temptation or lewdness than, ordinarily, England hath been. Yet if men shall presume upon this, to send their most exorbitant children hither, intending them more especially for God's service, the justice of God doth sometimes meet with them, and the means doth more harden them, in their way, for of late the godly governors of the college have been forced to expel some for fear of corrupting the fountain."

Fancy some of these youths coming from England with the very latest thing in Puritan fashions; others with more than a touch of the cavalier about them. They walk through cloisters of grey tree-trunks and overarching boughs, instead of those of grey old stone. They come to the building, which one writer calls too gorgeous for a wilderness, and another speaks of as "fair and comely within and without, with spacious halls and large library."

President Dunster was a most earnest worker, and gave out of his own scanty means abundantly, contributing, at a time of its utmost need, one hundred acres of land. He besought the General Court, and under his auspices a memorial was addressed by Mr. Shepheard, of Cambridge, to the Commissioners, for a contribution for the maintenance of poor scholars in the college. It entreats the commissioners to recommend to every family throughout the plantations, if able, to give one-fourth a bushel of corn or its equivalent, which would be a blessed means of comfortable provision to such as stand in need of support."

The Commissioners claimed a voice in the concern of the college, and in 1646 recommended the General Court "to take some action with the parents of scholars, that when they are furnished with learning, that they remove not to some other country, but improve their parts and abilities in the service of the colonies, for of twenty scholars who had been graduated prior to 1646, *twelve* had actually gone to Europe and *eleven* of them never returned."

President Dunster's efforts for the college were in the end ill-requited. The Puritans were Pædobaptists—believed in the necessity of infant baptism—and when President Dunster, whose views were known to be opposed to this doctrine, felt called upon to bear public testimony of his belief, he was indicted by the Grand Jury for disturbing the ordinance of infant

baptism in the Cambridge Church, convicted by the Court, sentenced to a public admonition on lecture day, and laid under bonds for good behavior. Finally he was compelled, in October, 1654, to resign his office and throw himself upon the mercy of the General Court.

In a pathetic appeal he submitted the reasons why he should not at once be obliged to give up his house to his successor, and he was permitted, with his family, to remain until the following March. Upon his death, in 1659, he ordered that his body should be brought to Cambridge and be interred near the scene of his labors to which he had consecrated his affections. The General Court paid his widow the sum of twenty pounds, but a portion of what was owing. Quincy characterizes Dunster as, "as true a friend and as faithful a servant as this college ever possessed."

It was during President Dunster's time that the first printing press north of Mexico, and the first one in British America, was established at Harvard. It was the gift of a Reverend Mr. Glover, of England, who died on the passage over, in 1639; but Stephen Jaye, whom he had engaged for the work, set up the press in Cambridge, and began printing. *The Freeman's Oath* and *Pierce's Almanack* were issued in 1639, and "*The Psalms Newly Turned Into Metre*," in 1640. Among the most unique works printed were those of John Eliot, in the Indian tongue. *The Bay Psalm Book* was published and revised by President Dunster, assisted by Mr. R. Lyon, and for years was the book used in the Congregational churches.

In 1640 the general court granted the revenues of the ferry between Cambridge and Boston to the college, and it proved a great, although not sufficient, help. In 1642 the first board of governors or overseers was established, and consisted of the governor, deputy-governor, magistrates of jurisdiction, and the teaching elders of the six adjoining towns—Cambridge, Watertown, Charlestown, Boston, Roxbury and Dorchester. In 1650 the college was made a corporation, consisting of the president, five fellows, and treasurer or bursar, whose acts were subject to the approval of the overseers. This rendered it very difficult to transact business, and in 1657 an appendix to the college charter made the acts of the corporation of immediate effect, and only alterable by the overseers. The college struggled

along with many promises of help, and often failures in performance, until in 1655 Governor Endicott presented a plea for help to the general court, which was received with little encouragement.

Two months before the forced resignation of President Dunster, the overseers had made overtures to the Rev. Mr. Chauncy.

Chas. Chauncy was born at Yardly Bury in 1589, was educated in the Westminster School and Trinity College, Cambridge. He was the friend of Archbishop Usher. He preached at Marston, Laurence and later at Ware, in Hertfordshire. He was silenced and suspended by Laud, but afterwards recanted, and to the end of his life regretted the fact, and in his will enjoined upon his posterity never to conform. He came to Plymouth in 1638 and preached there three years, and then, not being able to agree with the church on baptism, went to Scituate, where he remained twelve years, when he was invited to return to Ware and preach to his former congregation; was finally prevailed upon to become President of Harvard, with the salary of £100 per annum and the understanding that he would not disseminate his views upon baptism by immersion and the celebration of the Lord's Supper at evening. For Mr. Chauncy not only believed that infants should be baptized, but that they should be washed all over. "A custom," says an old writer, "which is not tolerable in this climate." For seventeen years this learned and able man administered the affairs of the college, and died at the age of eighty-two. It was during President Chauncy's reign that, in 1669, there was contributed by the various towns in the colony the sum of £2,695 5s. for the erection of a new college. Of this sum, Scarborough gave the least, £2. 9s. 6d. and Boston, £800, while Portsmouth gave £420.

Historian Pierce says this dependence of the college on the whole colony made it beloved as a child.

Under the administration of President Hoar, who succeeded President Chauncy, the college was in a very bad way. The dissatisfaction was great, the fellows resigning so that they even endangered the charter. The Rev. Mr. Oakes desired the office, and had a strong following. President Hoar, with all his scholarship and personal worth, seems not to have been

able to overcome this, and in 1675 resigned his office, and Rev. Mr. Oakes was appointed. Dr. Hoar was the first graduate of the college to become its president. President Oakes died in 1681 of malignant fever.

After the death of Oakes, Rev. Increase Mather was chosen, but declined. Rev. Samuel Torrey also declined. In 1683 the Rev. John Rogers, a descendant of the martyr, was chosen, and lived but one year. The Rev. Joshua Moody was offered the chair, but declined, and Rev. Increase Mather finally took the chair in 1685. At this date we resign the torch to some other historian.

Mr. Quincy sums up the relation of the General Court to the college as follows: "Their vote in 1636 planted the first germ of its being. Their acts in 1642, 1650 and 1657 gave it an efficient corporate form and powers. They are entitled to be its earliest friends and constant patrons. In respect to grants of money, the patronage of the General Court, during the first period of seventy years, certainly never exceeded, and it is not known to have equalled, £100 per year, until 1673, and after that £150 per year for the remaining years of this period. These payments, with the income of the ferry, were all their certain income. Many of the grants of land by the General Court proved of no avail, as the title was defective, and the college was dispossessed of these benefactions.

A word in closing, from *The Magnalia*, wherein Mather styles the college "a river without the streams whereof these regions would have been mere unwatered places for the devil." He also says, "Nor have the country sent over agents to appear at Whitehall for any of its interests for more than these thirty years, but what had their education in this nursery. And again, the death of those brave men that first planted New England would have rendered a fit emblem for the country a beech tree, with its top lopt off, and the motto, 'I am left a ruin,' if Harvard College had not prevented it."

### The University Settlement Movement.

THE recent annual meeting of this most excellent organization calls attention again to its unique work and great promise. The Settlement in New York was the child of Toynbee Hall in East London, and its aim was to become ultimately the Toynbee Hall of this city.

It began in 1887 under the more modest name of the Neighborhood Guild, and owes its genesis to Mr. Stanton Coit, who, after a residence of some weeks among the tenement house people of the East Side, began his work of reform. A boys' club was the initiative, which proved a success from the start. A girls' club, a kindergarten and a Penny Provident Bank soon followed. With varying fortunes the work was prosecuted until 1891, when the above name was assumed, and a new start was made on a broader and stronger financial basis. The house No. 26 Delancey Street was taken, and that has been the headquarters of a movement which has broadened out until now it needs, more than anything else, a new and more commodious building. While not modeled exactly after Toynbee Hall, it does substantially the same work and along substantially the same lines. Its leading spirits at the first had visited Toynbee Hall and studied its method and shared the inspiration which has made the London movement so noteworthy. The East Side of New York has many features in common with the Whitechapel section in the great English metropolis. Poverty, almost as appalling, may be found in it, as well as overcrowding, and that lack of school and recreation privileges which are found in more prosperous portions of the city; while the Tenth Ward in which this Settlement is planted is said to be the most densely populated of any like area in the world. The original motto of the Guild, viz.: "Order is our basis, improvement our aim, and friendship our principle," gives the clue to its success. It was the first attempt in any American city to bring men and women of culture and sympathy into touch with the toiling masses. It was the first effort to establish friendly intercourse between uptown people and the occupants of the crowded tenements downtown. It was the beginning of that bridge of human service and interest which was to connect two alien districts, and to bring into kindly relations two widely separated

classes. In this lies the significance of the movement, and as the few years have gone by since it was undertaken, its timeliness and imperativeness have become more and more apparent. The *laissez faire* principle in society is full of unsuspected peril. Hostile social classes are the resultant of non-intercourse and the neglect of that service which conditions the moral well-being of both. Society is not a chaos, but an order, a unity, a progress. It is social aloofness which has begotten our worst class antagonisms.

We are now awaking to the obligations of brotherhood, and discovering new facts and forces in such talismanic words as altruism, solidarity, stewardship. "The struggle for life," which has for so long been the accepted principle of evolution, is not the sole governing factor; a second one plays an equally important part, viz.: the struggle for the life of others. This is the ethical factor in the drama of human development, without which sympathy, tenderness, unselfishness would have had no place or part; and life would have been for us "humans" only a continuous fight, and the Hobbesian war state the normal *modus vivendi*. The University movement stood first of all for the dues of brotherhood and the reciprocities of friendship. And what is more, it stood for these in populous districts which had been practically abandoned by the churches. Not that the sympathy of their members ceased, for this is to be said to their honor, that they have been the personal workers and givers in behalf of the University Settlement. But when churches formally, or through their pastors, doubt the utility claimed for the Settlement, and furthermore question whether it is, as a regenerative influence in society, equal in reach and permanency of influence to the Christian Church, then may the disclaimer be in order, that the Settlement sought as best it could to occupy the wide and needy fields the Church had forsaken.

Time only can tell how useful and morally regenerative the Settlement is to be. Certain it is, it was born of the social condition confronting all who cared for the city and who knew what a large portion of its life has become through social neglect. As a matter of fact, the Settlement House is a centre of growing interest and influence, amidst a section where the poorest of the people are forced to live. It is an educational institute,

teaching the principle of self-help and bringing culture and re-creation, practical instruction and higher ambitions to the doors of those who have largely lived without them.

It is the head center of a series of organizations by which every age and condition in the complex surrounding population are reached. From it stream the influences which make better citizenship, better homes, in a word, better ideals possible. It re-enforces the principle of local responsibility for what is awry in its own locality, and seeks to make the denizens of the latter interested in their own social betterment.

Through the workers in the Settlement House, a class of educated young men are brought into touch with those needing the uplift of their personal service and example, and while the latter find opportunities to study the social and civic problems now so important, those among whom they sojourn feel the contagion of their broader, braver life, and yield to their leadership in all that makes for the common weal.

The education is mutual, for one of the sins of the man of culture is to despise or neglect his less favored brother, and go his way as if it was no concern of his, that there were thousands whom he could serve, and whose personal lives he could brighten. There is no place where an earnest man feels less like posing in self-conceit than when in the presence of those who hunger for something better, and wait for the manly word of hope and help.

It was a deserved rebuke to a University teacher who, before a social science club of workingmen, alluded to the difficulty of making himself understood, when he was met by the interjected response of one of his hearers, "I once heard Huxley lecture and had no difficulty in understanding him." It seems to be forgotten that the masses, in time of a political canvass, are never suspected of any inability to understand the addresses of our leading lawyers and statesmen. It might be a good eye-opener to some of our most attractive and able preachers if they would occasionally exercise their gifts with the denizens of such a typical district as the Tenth Ward in New York.

Hitherto, the ward politician has been the power; as boss, as friend to old and young, as the advocate of the rights of the people, he has held undisputed sway. Now, the Settlement in-

troduces some new factors into the ward or district. It acts as an educational center through its classes for study of economics, its free circulating library, its recreation classes, its committees on civic reform, its youths' clubs, its kindergarten, its conferences on social questions, its lectures, its penny provident bank, etc. To the people amidst which planted, the Settlement is a constant source of light and strength. Aiming to influence the wants, habits and social character of the dwellers in a given district, it is really a mighty agency, with whose possibilities of service we are just becoming acquainted. It is enlargement of social opportunity that the Settlement is aiming everywhere to bring to the masses of the people, and that is the condition of all industrial improvement.

Abroad, "the Settlement" movement is gaining popular favor and support. Since the establishment of Toynbee Hall, similar settlements have been organized in different parts of London. Oxford House, the Passmore-Edwards Hall, started by Mrs. Humphrey Ward; Browning Hall, Mansfield House and others, show the activity developed in this line of social effort, and their economic value is what is now giving to them their real significance.

The whole movement, here and in Great Britain, demonstrates one thing, that if anything of value is to be done to assist the working people, a good share of the help must come from those actually living as neighbors to them. The Lord Chief Justice of England, it is said, comes to a workingmen's club in a little upper room in Whitechapel and tells its members that the West End of London has quite as much need of the East End as the latter has of the West End. So social bonds are being formed between the rich and the poor, and a true brotherhood is supplanting the darkness and indifference which formerly prevailed.

In this country the Settlement movement is rapidly growing. There are to-day seventy-six Houses, doing an increasingly extensive and influential work. They have their several characteristics, some being chiefly intellectual, others ethical, yet others medical and sanitary. While a few are intensely and aggressively religious, yet all are working effectively, and though the experimental stage is not passed, still all give promise of permanency. However, time and experience may lead to mod-

ification in methods of work. There is wide difference between "Hull House" in Chicago, which is operating along a variety of lines, and is an instance of what can be done in a great city, and the picturesque Log Cabin Settlement in the mountains of North Carolina, with its unique environment, but really needy field.

Everywhere the "Movement" stands for service to humanity, for friendly intercourse and brotherly fellowship.

We help develop the best life possible for all when laboring to efface class prejudices and antagonisms, and in acknowledgment of a common responsibility for the common good, become helpers of one another. Our world is treated to its most delightful surprises, where golden deeds and red letter sayings are intermingled in the gray warp of its life. "The Settlement" is the hand of the helper to the man—whose want is a larger "opportunity," and to the neighborhood—whose need is higher social ideals.

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### Remedy For Monetary Sectionalism.

VERY few politicians are looking forward to a disintegration and re-organization of parties as being among the natural sequences of the existing attitude of popular convictions. Here and there in grave Quarterlies having a limited audience, like *Harvard's Journal of Economics* under the sensational title, "The New Sectionalism," it is carefully pointed out that on the important question, "With what kind of money shall the country's exchanges be made?" the South and West have for from five to ten years been voting nearly solid in one way, and the States north of the Potomac and the Ohio rivers, and east of the Mississippi have been voting the other.

The South and West have been declaring that through the demonetization of silver, the money coined of that metal has ceased to be "money of ultimate redemption," that prices have come to be measured by the volume of gold only, and this, being smaller than the former volume of both gold and silver, amounts to a contraction in the volume of the price-measuring money, hence in an epoch of continued falling prices, hence in lessened production, hard times, catastrophe throughout the world, and universal suffering of the human race, or at least of

the people of the gold using nations. The remedy they propose for this is the immediate free coinage of silver, without regard to the question whether the value of the silver itself in a dollar thus to be freely coined shall be 100 cents, or 67 cents, or 7 cents, or 1-7th of a cent.

To this platform the eastern and central States have by their votes on many questions made a reply consisting of multifarious denials of fact and of theory, which might be summarized thus:

First, it is not true that any country has demonetized silver; all silver coins are still money, full legal tender standard coins as ever. All that any government has done has been to cease to permit private holders of silver to add to their number at their own discretion. If this had had the effect to limit their production it would be impossible that such a limitation of production would lessen the value of those already produced; on the contrary, the one and only economic means to enhance the value of standard silver coins would be to cease to produce them. While it would be possible to prove that silver coins had been made worth more because individual holders of silver were restrained from producing them, it cannot be asserted that they are worth less.

Second, it is not true that the production of silver coins for use as money has been stopped or lessened; on the contrary, since the privilege of free coinage was taken from private persons, governments have on their own account coined silver in a degree that amounted to inflation. The United States alone have coined, in fact and in effect, \$486,000,000 of new standard silver dollars since 1873, which is sixty times more than it had coined in a century of previous history. Hence, if abundant silver coinage could raise prices we ought to have had a rise and not a fall in prices.

Third, in the world at large, according to the report of our director of the mint, the silver coinage has been increased since 1880 by \$1,500,000,000. Hence no contraction in silver coinage has anywhere occurred.

Fourth, it is not true that the money which inflates prices must be redemption money. No practical business man or economist ever thought that such a "roor back" could be true. Every business man in America saw that the greenback

issues affected prices, but no man ever claimed that greenbacks were "money of ultimate redemption," at least in any greater degree than coined silver now is. All money that buys affects prices.

Fifth, it was not true, until after 1892, that prices generally have fallen. Between 1870 and 1892, land, labor and the values of industrial investments, stocks, shares and means of production, into all of which nine-tenths at least of all values constantly go, rose steadily; wages of labor, in particular, rising according to official labor reports by seventy-six per cent. The only products that fell were those in which improved processes were lessening the quantity of foot-tons of human force essential to the production of a yard, ton, or other unit of the product.

Sixth, so far from it being true that all gold-using countries are suffering from contraction of values, Great Britain, herself the chief gold-using country, has, according to its Chancellor of the Exchequer, for two years been enjoying such unexampled prosperity as she has never before known.

In the mind of the whole East and center of the country, therefore, the free silver advocates are declaiming over events that have not happened; their supposed facts are visionary and illusive; their theories are myths stuffed with moonshine, and their remedy, "free coinage," has no more to do with their grievance, "dear money and hard times," than a Voodoo woman's incantations have to do with sending rain.

To this the people of the West and South reply: "The denials you make do not touch the citadel of our position. Politics, like metaphysics, nearly always consist in giving a bad reason for a faith which we would believe by instinct if we had no reason. Can you deny that you have in some way got a corner on the money market, when it is apparent in the money column of every daily newspaper that the gold bugs of the great cities can borrow all the money and bank credit they need, with which to speculate in commodities already produced, at the low rates of from two to four per cent. per annum, while the farmers and small merchants of the West and South are paying either in the form of added prices on what they buy on credit, or in interest on loans, from twelve to twenty per cent. on all the borrowed capital they need for production? You bankers

are the creditors, we farmers are the debtors. It is to your interest that money should be scarce and dear, and when it is so, you call it "honest" money, meaning thereby a higher rate of interest than honest men can earn, and, therefore, a rate which constantly squeezes the substance of our wealth into your pockets."

To this Wall Street might truly reply that depreciating the coinage would tend to increase rather than reduce the rates of interest on loans; that low rates of interest could only be arrived at by heightening the competition and increasing the numbers of the agencies for the sale of credit, which are the banks, and furnishing the banks with a costless currency, which could only be done by revesting in them the power to issue their own bank notes.

It is so long (sixty years) since the West and South have had the advantages of an efficient banking system, that the very word "bank" is odious throughout those sections. The people of those sections are not able to associate banks with popular relief or industrial aid to the common producing classes, nor with low rates of interest, since 1836. Prior to that time banking was universally popular, its blessings were generally acknowledged, and, in 1840, the South and West were carried for the restoration of the United States Bank and a Protective Tariff by a popular majority that gave to William Henry Harrison the heaviest electoral majority ever given to any candidate from Washington to Grant. This was because the workings of our monetary system, from Hamilton to Adams (ending in 1829), were favorable to enterprise, and insured as low rates of interest in Arkansas and Tennessee, Michigan or Illinois, as in Wall street.

Now, for nearly thirty years, the South and West have been without a banking system, or a single bank, in any true or useful sense. So far as the issue of notes is concerned, the pretended national bank note has been, in effect, a mere government note, with a national bank's endorsement, the security for the redemption of which was lodged with the government. No financial hallucination could be more complete or mischievous than the notion that such a note currency is of any value to the people as a means of making rates of interest low, which should be the chief function of a bank note, and its only real justifica-

tion. The existing so-called national bank notes cost the banks which issue them nearly as much as gold itself would cost them. For every \$90,000 of notes they issue they must buy and store with the government \$100,000 worth of bonds, bearing only 3 per cent. interest. The banks could buy not only \$90,000, but about \$108,000 in gold coin with the same bonds.

In parts of the country where money is worth from 12 to 20 per cent., the 3 per cent. interest which the bonds draw is no compensation whatever for one's capital. As the so-called bank notes are only redeemable in greenbacks, or when the bank dies, there is no "homing" to the notes. They never return to the bank issuing them. Hence, the one first loan by which they are issued is the only one which the issuing bank can ever make of these notes. They are not like the freely issued notes of the various banks of Canada or of Great Britain and Ireland, or of the various banks of the United States prior to 1836. These are, or were, sent "homing" by a central redemption agency, very early after their issue, and when redeemed by the issuing bank became "loanable funds" in the vaults of that bank, competing with other funds of like kind, to get out again on loan, and at all times, whether actively effecting exchanges or lying awaiting loans, absolutely costless to the issuer.

But when a pile of fully-paid-for national bank notes lies in the drawer of a so-called national banker, he is losing interest on a capital expended, within 3 per cent. per annum as great as he would lose on pure gold coin of the same amount. And what is 3 per cent. per annum in the South and West?

Hence what the South and West connote by the term bank is not the real and genuine article of banking, but the bastard, decrepit and idiotic substitute for banking which has, under the name of "National Banking," denied practically to the West and South all the advantages of true and real banking. They are denied that competition between money lenders in the issue of absolutely costless notes, which is the only influence capable of making rates of interest low, and of advancing prices, which is what the South and West really mean when they say they want money to be plenty and times not hard but prosperous.

This is the grievance which caused the Populist party to poll upwards of one million votes in 1890, to increase the vote

nearly everywhere in 1892, and which is likely, unless some effective reconstruction of the banking and currency system shall be entered upon by the Republican party, to swell the vote of the Populist party in 1896 to nearly three millions of votes.

Of course, few if any Populists, Grangers or Socialists, Farmers' Alliancemen, Single Taxers or Silverites will foresee or admit that the true road to "cheap money and advancing prices," lies through increasing the competition between banks and reducing the cost of the form of notes the banks can lend. Like most mobs they are shouting "Release unto us Barabbas," or, "He had better speak no ill of Brutus."

It is not so unfortunate that the Populists do not yet know what they are building, as it is that the Republicans do not yet know what needs to be built. Not one Republican, however sage he is reputed to be in finance, has yet uttered a word which indicates that he even apprehends what is meant when the South and West vote solidly against the Center and East—or more correctly, the farms and plantations oppose the cities for nearly a whole generation on every question that relates to money.

As analysed carefully in *The Quarterly Journal of Economics*, these votes show the West and South to have been voting for the free coinage of silver whenever the East and Center voted to restrict its coinage, and for its continued coinage whenever the East and Center voted to suspend its coinage. The West and South have voted against the issue of interest-bearing bonds as a means of buying the gold wherewith to redeem our greenbacks in gold, and against making these bonds payable in gold, on the theory that it would be no catastrophe, or that it would be positively beneficial to put the country on a silver basis. The East and Center have contemplated such a result as a catastrophe too evident to need analysis or explanation.

The animus of the West, in all these and other like votes, has been, "We want money to be plenty, even if it is poor, so that we in the West and South can hold on to it abundantly, instead of seeing it withdrawn by the banks to the deposit centers." The animus of the East and Center has been, "Money is already plenty and has always been so; our large deposits and low rates show this. What we want is that it shall be kept so good that all parts of it can stay here in our banks. If this fails,

the good part of it will be drawn away to Europe, and we in the East will then be as short of money as you are in the West and South."

It is easy to see in this statement of the issue, that East and West are really fighting for the same thing, in the same interest, *i. e.*, to keep money cheap and rates of interest low, each for its own section.

The West and the producing sections remember that when the country was doing business on an abundant, depreciated, non-exportable currency, viz., the greenback, the money was not good, but the prices and the times were. If the free coinage of silver would work exactly as the fifty-cent greenback dollar did, to send gold to a premium, but also to release the producing sections from their paralysis, they are ready to chance its evils for its supposed advantages.

They feel very certain that continually issuing bonds for the purchase of gold to pour through a seive, in redeeming fiat money, for redeeming which there are no assets but what are borrowed, is not "sound money." Something better than this must be devised or this will itself be stopped. The Republican party is trusting at present to the exceedingly precarious testimony of John Sherman that a sufficiently high revenue, though paid only in fiat money, will supply the government with all the gold coin it needs with which to redeem the fiat money. This is a good enough platform to get in upon, because it reduces the election to the tariff issue on which the Republican party can carry nearly every State. But it will not remain good beyond the day of election. After that day our statesmen must set themselves to consider by what changes, in our monetary mechanism, the duty of furnishing gold with which to adjust the international balances against us can be shifted from the treasury to the banks. It is no part of the government's business to pay international balances in gold, made by merchants and banks, which, when called upon for gold even in payment of the revenue, give only a greenback.

The Shermans who say that this fathomless abyss of fiat folly is "the most perfect currency the world ever knew," the Clevelands who say that to keep on buying gold to dump into this abyss is "sound money," and the Peffers who declare that what we need is more of the same sort, and the Sound Currency

Committee who can get no deeper into the question than to say that any money is good money which is worth as much when melted as in the coin, all are blind leaders of the blind. No money is good, or sound, or cheap, which does not bring bank credit to the producer's door; which does not flow out as freely to the farmers and planters as the rain falls and as the sun shines upon them; which is not redeemed daily and hourly in commodities and commerce by the authority that issues it at as full values as they got for its issue, and that is not free, elastic, inspiring, life-giving, to every part of the body politic and commercial through which it circulates.

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### The Groningen Land Lease System.

BY PROF. JAMES HOWARD GORE.

Land is never well cultivated by anyone who has not the strongest interest in making it produce the largest amount possible ; and no system of tenantry is favorable to progress in which there are not well understood arrangements by which there is developed in the cultivation of the soil a constant interest never to neglect anything that will make the land more and more fruitful, both at the present time and in the future.—*Passy*.

IT is not intended by the title given to this article to convey the idea that the province of Groningen has a land lease system peculiarly its own. But the system here to be discussed is found more frequently in this province than in any of the others in the United Netherlands, and here it may be said to have attained its most highly organized form. It is popularly known as "*Beklemregt*," or "*Regt van Beklemming*," of which, unfortunately, there is no exact English equivalent, but it might be characterized in general as half-ownership.

In the records of the Abbey of Fulda for the latter half of the twelfth century, entries of receipts include sums of money paid in by certain persons, designated as "half-freemen," for the rent of stipulated pieces of land. Year after year it appears that the same person paid an unvarying amount for an identical parcel of land. Similar entries occur in the papers left by the heads of other religious houses, and in one case the honest confession is made that a certain gratuity was accepted for the transfer of the lease to another tenant.

The advantages resulting from a permanent tenancy to a corporate body, such as a religious organization, in which it was necessary to know in advance the income for the ensuing year, were so great that a life-lease was given whenever possible. Upon the death of a tenant it was quite natural that some member or members of the family should desire to continue in possession, and if the tenant was satisfactory it was equally natural that the owners should want to renew the lease. Upon the occasion of such a renewal, as was the case in early days when an important transaction was consummated, a bottle of wine was drunk or the one seeking the favor made to the grantor a present.

The benefits of this life-lease system, and its natural follower, the arrangement of passing the lease from father to son, soon suggested that the annoyance of making the renewal, or transfer, might be avoided by giving in the first instance a lease which would be perpetual and hereditary. This was done, with the saving clause that at each transfer a present should be made. To such a system was given the name *Beklemming*. What was found advantageous to church property was deemed applicable to state lands. Thus, when Ommelanden and Groningen united in 1595, all unclaimed property was taken up by the State and placed in the hands of a rentmaster. These public lands received large additions in 1607 when the church property was confiscated, and more than twenty cloisters and several abbeys passed into the hands of the State and were turned over into the immediate charge of the rentmaster.

The records of Groningen show that of the leases for lands belonging to the state prior to the sixteenth century, only one was for so short a period as eleven years, another for twenty years, while all the others were for fifty years or more. During the sixteenth century eighty leases were recorded, of which fifty-seven were for life and five were perpetual. And from this beginning perpetual leases became the rule.

Private owners had been pursuing the six year lease system, which, for small tracts and near villages was satisfactory, but for larger farms so remote from village communities where it was necessary that the tenant should have a house upon the land, the tenant who first erected the house demanded some se-

curity for reimbursement in case exorbitant charges for rent should be asked when the time for renewal came around. Attempts were made to incorporate in such contracts conditions which would reimburse a tenant thus excluded. But when the laws of Groningen prescribed the character of the houses that could be built within its domains, and as the tenant's own ideas of what he needed enlarged, the only condition of lease that could furnish adequate security was an extension of time. Thus the land became held (*beklemmd*) by the house. In the case of renewal of term leases there was usually an increase of rent, but to avoid the appearance of increase, it was common to pay this additional rent for the period in one installment. When, therefore, private owners afterwards leased land in perpetuity, this fiction of increase was preserved in the demands for a present at each transfer. It may be that the presents, which enter so frequently and so largely into the system as now observed, take the place of this increase of rent, and that they are so adjusted both as to times and amounts as to be equal to the added rent.

The existence of *Beklemregt* was legally recognized in 1577, in 1601 it was clearly defined in the land laws, and in the eighteenth century, when the church lands were disposed of to individuals, they were sold under the recognition of the perpetual lease, and a test case established the tenant's inalienable right to the land leased to one of his forefathers. In 1711, by a State ordinance, the form of perpetual lease was promulgated, which under eight heads specifies distinctly the rights and duties of both parties together with those of their heirs or assignees.

The Napoleonic code of 1809 was inaccurate when it stated in article 1575: "*Beklemming* takes place whenever land is given over to another in hereditary lease with the condition that an annual rental is paid, the taxes and assessments met by the renter, with a renewal every six years by giving a fixed present, the land remaining the property of the owner."

The hereditary feature is correct, but the framer of this section sought, either purposely or unintentionally, to graft on the idea of periodic renewals. Most likely intentionally, so as to adapt the unique Groningen system to the six year lease scheme then in vogue in France.

The next article of the code merely prescribes that the further rules regarding *Beklemming* should rest in custom.

Since the perpetual lease system was very rare outside of Groningen, only in Friesland and Drenthe as isolated cases, it is easily understood how the early laws, especially those drawn up by persons not in sympathy with Dutch institutions, should make no mention of *Beklemming*. This was true of the French code of 1811, while that of 1820 recognized its existence in some of the provinces, but did not attempt to define its powers or limit its functions. Three years later an effort was made to stop the spread of this system by specifically enacting that no new perpetual leases should be made, and the enjoyment of those already in force was somewhat embarrassed by a refusal to outline the law of *Beklemming*, merely stating that custom should rule in all existing cases.

Fortunately, in 1830, the political parties saw that their interests lay in promoting the interests of the farmer class, and realized that in improving the condition of this class they would add to those forces which tend to conserve institutions. Therefore, each party, when in power, was ready to contribute to the welfare of agriculturists, and since those of Groningen were already the best in the land, the law-makers turned to them for land-laws.

Just here there arises an inability to clearly distinguish between cause and effect. The lease that is perpetual and hereditary is so much like reality, is tangible at least in that it can be made a matter of record, that it could be held for debts. It is not possible to state which came first : the conception that such a lease is liable for debt and hence is a reality, or that being a reality it was liable for debts. At all events, in 1833, it was established by precedent that a perpetual lease could be attached for debt. Of course, this was soon followed by the recognized right to mortgage such a lease, and if mortgaged then sell it or transfer it in any way desired.

At no time have the statutes provided for such troubles as might arise in the complicated transactions of these leases, nor has any authoritative attempt been made to clearly define the rights and duties of owner and tenant, but precedents seem to fix as certain the following points:

## RIGHTS OF TENANT.

He has the hereditary use of a fixed parcel of land, and can occupy and cultivate it as if it were his own.

In case of dismissal he shall receive the value of all buildings which he erected, and of all forests which he planted. In the latter case, the value is estimated at the price which the trees would bring if converted into timber.

He can place a mortgage on the lease or on the buildings which he erected.

If the owner lives within the province rent is paid at his home, otherwise it is transmitted at the owner's cost and risk.

He can sell, exchange, or dispose of his lease without consulting the owner.

He can have his wife recorded as his natural heir to the lease; or any child who has attained majority; or all minor children collectively. The tenant was regarded as the household, consequently in case of his death the family of minors should be regarded as his successors until the youngest should attain majority.

## DUTIES OF TENANT.

He must take the land into possession and cultivate it during the period of the lease, transferring it to another upon his death.

He pays annually a fixed and unchangeable sum, from which he can claim no deduction for any cause whatsoever.

He pays, under the name of presents, when there is a sale or transfer, the equivalent to two years' rent; when he marries or remarries, one year's rent; when the lease passes to him by inheritance, one year's rent; when he registers the name of his wife or children as his natural heirs, one year's rent; but if he records the name of any other party, the gratuity is double the preceding; when the youngest child of a family of minor heirs becomes of age, one year's rent.

He pays all taxes.

He cannot change the form of the fields without permission. (By way of a note it might be said that usually the boundaries of fields are ditches, therefore any change in the boundaries might modify the drainage of the entire neighborhood to such an extent as to seriously affect adjacent property).

He cannot cut any trees, even those he planted himself.  
He cannot cut peat, except for his own household use.

RIGHTS OF OWNER.

He reserves the right of hunting and fishing.  
He can have only one tenant.

He recovers the use of the land in case the tenant forfeits his lease.

THE LEASE IS FORFEITED.

In case of the death of the tenant, unless his heirs' names has been admitted to record.

If he leaves the land.

If he misuses it in any way so as to permanently injure its value.

If the tenant fails, in which case the lease is sold and the rent paid first; then the residue becomes available assets.

If the property passes into the ownership of the tenant.

If the rent for two years should be unpaid.

It will be seen that *Beklemming* differs from ordinary lease in the following particulars: The lease is a reality; the tenant has the unrestricted use of the land for an unlimited period; he owns all he raises; he can transmit or mortgage his lease; he pays all the taxes, and on certain occasions he pays a gratuity.

Unquestionably an ideal form of lease is that which gives the maximum amount of liberty and freedom to both owner and tenant. To the owner is due the rent of the ground, an amount equivalent to what it can produce over and above the cost of production plus any extrinsic value which external surroundings or agencies may give to the products. To the tenant belongs the price of his labor, the hire of such utensils and machinery as he may employ, and some remuneration for his superintendence and acquired knowledge of agricultural affairs. In Groningen the best proof that the owner receives his just dues under this system can be seen in the fact that land rents there amount to about three and one-fourth per cent. of the value of the land, while the average rate of interest is only three per cent., and that in no province in the Netherlands are farm lands so difficult to purchase. Also the tenant fares well. Even a short stay in this province will impress one with the thrift of the farmer class. He will see then, fine buildings,

the best methods of farming, because the permanency of tenure emboldens a man to make experiments whose results he will be permitted to enjoy, and a feeling of security that marks the difference between a freeman and a serf.

Arthur Young has said: "Give a man the secure possession of a black rock, and he will turn it into a garden; give him a nine year lease of a garden, and he will turn it into a desert." In the perpetual lease he has the secure possession. Of course, the very element of security which he has possesses a money value, and the annual rent would be more than under the ordinary system. But under the ordinary system the tenant cannot put forth his best efforts, since their results in greater fertility of soil or larger crops give, in the eyes of the owner, a greater value to the land, and he would seem to profit by this advanced value in an increased rent. The tenant, knowing that a renewal will be possible only at a higher rate, seeks to obtain returns for the extra labor which brought about this higher state of cultivation, or perhaps he may, in the last year or two, try to depreciate the land, so he overworks and abuses it, and by so doing the wealth of the community is diminished.

The three essentials for success in agricultural matters are: ground, labor and capital, but it does not always happen that they can be found united in one person. If the owner of the land has already invested his capital in its purchase, it would be best for him to place its cultivation in the hands of some one who could command the labor and capital; and if a man has limited capital, it would be to his interest to use this money in helping him to farm profitably land for which he has a perpetual lease, rather than use all of his money in the purchase of land for whose cultivation he has not the requisite capital.

From a political standpoint the perpetual lease possesses advantages. The owner is interested in strengthening the government, for in its stability rests his guarantee of continued ownership; and the tenant can prosper only so long as stable conditions give good prices to his produce.

Every traveler through Groningen is impressed by the prosperous appearance of the farms, the free use there made of agricultural machinery, the manly independence of the farmer class, and the interest shown in all institutions and agencies for

promoting the welfare of the community. Some might wish to attribute these conditions to the fertility of the soil. But this fertility is the outgrowth of the lease system, for originally the soil of Friesland was equally good and its situation just as favorable, but it held fast to the time-lease system and has remained behind its neighbor in the development of agriculture within its domains.

The government has repeatedly shown its recognition of the prosperity enjoyed by the tenants of Groningen by appointing commissions to investigate the general land-holding and land-leasing system. Their reports have always endorsed the perpetual lease, but no means have been devised for introducing it in other provinces without serious inconvenience to the small holders. But in a new country such a system might be adopted.

It is in the belief that a discussion of this topic has not found a place in the literature of our country that this article has been written.

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### Industrial Cuba.\*

BY EUSEBIO VASQUEZ.

IN reading the French newspapers, one is struck with the slight interest they seem to take in the causes of the Cuban insurrection. Twenty lines suffice to state the unimportant events—an insignificant encounter, the burning of a plantation, the plundering of a sugar mill. That is the way, in France, you are writing the history of this revolution, whose causes, it would seem, ought alone to occupy you. The philosophy of history seems to have no place in the distribution of news and the commenting on events in the daily press.

At bottom, what is the question under discussion? Why have the insurgents taken up arms? Why does this merciless war threaten still to continue for a long time? A political cause has been assigned for the insurrection. In truth, the cause is above all an economic one. Unquestionably, the colony is exploited in a very severe manner by the home country. The Spaniards seem to have adopted the principle that the colony and the colonists are two elements specially created for

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\*Translated from *Journal des Economistes*, by A. B. Woodford, Ph. D.

their benefit, made to enrich public functionaries and to pay tribute to Spain. The rule is applied with extraordinary steadfastness. Every position is reserved exclusively for Spaniards, so that Cubans cannot hope that civil offices will ever be open to them. They only have left the task of paying fantastic taxes and entertaining the public officials whom the home Government sends them.

To this political cause of uprising are added others of an economic character. The Spaniards have established in Cuba a prohibitive system. Enormous duties are imposed on foreign merchandise, and this aggravating system is rendered absolutely illogical by the extraordinary taxes imposed on Cuban products when they reach Spain. One can understand that no attention is paid to the interests of the island in such a régime. Foreign nations in their turn also impose high taxes on exports from Cuba. From this it results that the unhappy colonist has difficulty in selling his goods and is obliged to pay excessive prices for the necessities of life.

Singularly, the larger part of the insurgents, who are colored people, all pretend to be descended from the French. The province of Santiago de Cuba is largely inhabited by the French and their descendants. The negroes speak the French language and, being descended from the slaves of Frenchmen, they haughtily claim their so-called quality of being Frenchmen. And to these pretended Frenchmen, Cubans descended from the Spaniards join themselves quite readily and struggle for the independance of their island. One of the best recruits of the two leading insurgents, Maximo Gomez and Maceo, has been a French sergeant, Meyer, who joined the revolutionists at the expiration of his engagement of the foreign legion, at a salary of \$400 a month. Having become a leader of the insurgents, Meyer conducted one of the most audacious campaigns, tormenting the regular troops, stealing convoys, and cutting telegraph lines and connecting them with other lines, which led to offices which were in his power. He was thus able to receive and send out dispatches and create interminable confusion in the services of the administration. He countermanded military orders and was able to bring two Spanish brigades face to face in line of battle, each having been mistaken for a band of insurgents. Behind them two thousand rebels devastated the province.

When the revolutionists encounter regular troops, they are quite frequently repulsed. The Spanish soldiers have been greatly praised, and one cannot say too much concerning their energy, their courage, and the heroism with which they support endless fatigue and extreme danger. But it is proper to recognize that the insurgents show much skill and courage on their side. In this singular war, the most unexpected means, the most barbarous devices are employed. Thus, in order to break the square of regular troops a dozen insurgents were sent by a rebel commander into the midst of the Spanish ranks each carrying a dynamite bomb, which they exploded, and were themselves blown up with the Spanish soldiers about them. But the lines were broken and the column decimated. One can understand that with partisans thus determined to meet death, the struggle will be long, painful and bloody.

One of the first economic effects of the insurrection has been to greatly reduce the trade in sugar, which was one of the most important in the island. One may properly ask next, What will become of the tobacco industry, if the insurrection continues? Everybody knows that Cuban tobacco, and especially Havana tobacco, is the best in the world. Its production is not great enough to meet the demand of exporters and, nevertheless, in spite of the great demand, the tobacco trade is undergoing a severe crisis. This may seem strange at first. How is it, the reader will ask, that the industry is suffering when production cannot equal consumption? The answer is ready; Havana cigars, for some years, have been undergoing the severe burden of counterfeits, and not of simple competition. It is thus that prices have been lowered. Heaven knows the counterfeiters have not stopped work. Hamburg alone floods Germany, and America has innumerable false Havana cigars. How can we expect the smokers who are accustomed to pay 5 and 10 cents for so-called Havana cigars to pay 15 or 20? It would be ridiculous to tell them that they are not smoking Havana cigars, for they would show you the boxes, the marks, imprints, and stamps of the best houses in Havana. We are dumfounded at such audacity. The whole is apocryphal—stamp, imprint and cigars.

False Havana cigars have thus killed the trade of the real. The consumer who formerly paid 15 or 20 cents for Havana

cigars to-day asks for the same kind of cigar for 5 or 10 cents; and the maker can not possibly sell at this price, both labor and general expenses being too high.

Some details concerning tobacco plantation and the cigar industry in Havana may be of use here. In Europe people are almost completely ignorant of how this, one of the most interesting of industries, is carried on here in Cuba. People who write about Cuba have almost entirely neglected to give even a summary glance at it. How many French smokers, for instance, would be able to explain the mark *Vuelta Abajo* on their cigar boxes? It is, nevertheless, a precious mark when not counterfeited. *Vuelta Abajo* is to tobacco what Médoc is to wines, that is to say, the very best territory, a privileged enclosure, capable of yielding products of the very highest excellence. It forms about one-tenth of the territory producing tobacco. It begins at Guanajay, a town bordering on the province of Havana and belonging to Pinar del Rio, and forms the northwest point of the island of Cuba. It is on the hills that tobacco is cultivated. The tobacco grown there is the finest, has the most delicate leaves and the most exquisite aroma; it has the reputation of being the finest in the world. The principal kinds are those of *Rio Seco*, in the south of the province of Pinar del Rio; *Paso Viejo*, and *San Luis*.

*Vuelta Arriba*, which extends throughout the whole centre and south of the island, produces rather heavy tobacco, with little aroma, which in spite of its very low price, can scarcely compete with the Brazilian and Mexican tobaccos which it meets in foreign markets. *Vuelta Arriba* possesses, however, a finer tobacco than that raised in most of the island called *Remedios*; for there is classed under the name of *Vuelta Arriba* a quantity of tobacco coming from all parts of Cuba.

Purchases from the planters are made in a rather curious fashion, and one which astonishes foreign merchants. The *Almacenistes* or wholesale merchants in Havana, send their agents to visit the plantations in *Vuelta Abaja* and *Vuelta Arriba*. Contrary to business custom, they do not buy the tobacco by means of samples, but conclude the transactions without even opening the bundles, depending entirely on the word of the planter. What is even more strange, no one has ever heard that a purchaser was deceived in the quality of the merchandise.

sold. This fiduciary system, surviving without abuse in a country where competition and fraud are quite general has occasioned the inspectors of tobacco, which the French government sends here, much speculation. To form an estimate of the tobacco, buyers look at it still standing and thus judge of its value. The tobacco is all taken to Havana, put into warehouses and paid for by tale.

The warehouse is a great aid to the foreign purchaser, because he finds gathered there the tobacco from the whole island. He thus avoids much expense and fatigue. Business is carried on from November to March. The wholesale merchant determines the price and a reunion of these merchants regulates the prices current, imposing them both on the foreign buyer and on the planter whose work is so poorly paid for.

The exportation of leaf tobacco is mainly confined to the United States, where the factories buy a large quantity. The free towns of Germany, Hamburg and Bremen, are also quite large buyers from Cuba.

Tobacco is taxed 8 shillings per hundred kilos when exported, but a great part of the tobacco is worked up on the island, cigar manufacturers being very numerous. These factories are mainly in the hands of Spaniards. There are, however, two very rich companies, the Bok and the Upmann, which stand at the head of the industry, and are composed, the first of English and Germans and the second exclusively of Germans; many English and Americans are associated with the Spaniards in the cultivation of tobacco.

### Editorial Crucible.

THE ECONOMIC VIEWS of the New Hampshire Democrats appear to have been radically changed by the recent object lesson. In 1892, the New Hampshire Democratic convention confirmed the national platform of the party which "denounced protection as a fraud and robbery, unconstitutional and contrary to the fundamental principles of the Democratic party." In its platform, adopted a few days ago, it has completely turned its back on the anti-protection doctrine and declared for a tariff that will "afford such incidental protection as will meet the requirements of American capital and labor." If this sort of conversion continues until the fourth of March next, Mr. Cleveland will hardly have any friends left.

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IT IS SAID that the Chinese Government is following the example of Japan in sending students to Europe and this country to be educated. In the recent contest with the Japanese, the statesmen of the Flowery Kingdom acquired a realizing sense of the superiority of Western methods over Eastern. If this leads China to sufficiently modify her conception of civilization as to encourage the introduction of modern industrial methods into that country, the war between the two branches of the Chinese race will have been worth many times what it cost. The admission into China of steam, factory methods, railroads and other modern industrial appliances will do more to bring China and the eastern nations into progressive harmony with the rest of the world than all other powers combined.

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THE NEW YORK *Sun* is still doing noble work in exposing fraud in American journalism. Whether we agree with the politics of the *Sun* or not, we are forced to admit it to be the leader of clean, straight, patriotic journalism in the United States. Its treatment of political and economic subjects is always bold and straight, if not sound. In its attitude towards public men, it recognizes character and ability, regardless of party lines; it is the enemy of humbug under any guise. It is difficult sometimes to understand its selection of political leaders, especially when it champions Tammany Hall and David B. Hill,

but even when doing this, it is frank, open-handed and free from cant. Under all circumstances, it is American. Regardless of every other consideration, the *Sun* is for the Flag. It frequently gets on the wrong side of industrial questions, particularly in labor disputes, but it is the gem of American journalism all the same.

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THE HUBBUB THAT is being made about McKinley's silence looks a good deal more like politics than sound finance. The only judgment of McKinley that is worth while must be formed upon his utterances and actions before he was a candidate for the presidency. Any opinions he might express at this late hour, if not in accord with his public records, would be worthless.

On the other hand, the McKinley boomers are trying to create the impression that he is the candidate of the people and not of the bosses. It is doubtful if there ever was a more completely boss-conducted boom than the one which is expected to float the nomination to Mr. McKinley. The only difference is that his boom is in the hands of new "bosses," but they have all the qualities of the old with a little less modesty. This anti-boss clap-trap has a very Pharisaical flavor, which the best friends of McKinley may well regret.

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IT SEEMS to be taken for granted that the future policy of this country is to be determined entirely by the doings of the Republican convention, to meet at St. Louis on June 16th. What the Chicago convention will do, and whom it will nominate, appear to be matters in which the public is no longer interested. Mr. Cleveland's much announced position in favor of "sound money," his high reputation for "integrity," evidently avail nothing with the people. Nobody, except, perhaps, the *New York Sun*, seems longer to care what Mr. Cleveland's future plans are. The administration must begin to realize how ungrateful Republicans are. Yet, there are others who think this reveals a sane perception on the part of the public. There is doubtless some truth in the common belief that the masses may for a time be deluded into following false gods, but they can not be either coaxed or coerced into continuously worshipping at the shrine of impotence and obvious failure.

THE MOVEMENT IN the Board of Education to elect President Gilman, of Johns Hopkins University, to the post of Superintendent of the New York public schools is something of a surprise to the public. Nevertheless, it is an evident movement in the direction of reform in popular education. Not that we have anything special to urge against the present incumbent, Mr. Jasper; but the selection of Mr. Gilman shows a clear disposition on the part of the Board of Education to secure the best talent there is for the school system of the Greater New York. By most people it would be regarded as a step down to exchange the Presidency of Johns Hopkins University for that of Superintendent of the public schools in New York, but in reality the latter is much the more important position. If Mr. Gilman is as successful as Superintendent of public schools in New York as he has been as president of Johns Hopkins University his election will mark a great step in the progress of popular education.

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THE REPUBLICANS OF Pennsylvania, New Jersey and Massachusetts in their State platforms have endorsed the policy of discriminating duties on imports with the view of restoring to the American Ocean Carrying Trade the protection which was given to it from 1791 to 1816. The resolution of the Massachusetts Republican Convention is as follows :

" We believe the time has come to return to the policy of Washington and Hamilton, which, by discriminating duties in favor of American bottoms, secured 90 per cent. of our carrying trade to American ships, and which, if now restored, would again revive our shipping and cause American freights to be paid to Americans."

This resolution ought to form part of the Republican National Platform to be adopted at St. Louis on June 16th. The country now pays \$150,000,000 each year to owners of foreign vessels for the transportation of American products, and foreign products coming to the American markets. All the property consumed by fires in the United States and Canada annually does not equal in value, within 25 per cent., the wages diverted from American labor by allowing nearly our entire imports and exports to be carried in foreign ships.

THE WAR of words which is going on as to whether we shall maintain the gold standard, or go over to the silver standard, has no meaning for a clear brain. The redemption of greenbacks with borrowed gold at the rate of \$180,000,000 a year, shows in fact that our legal business standard is fiat paper. How can gold be our standard of payments when it cannot be demanded in payment except from the Government? The very banks which are crying importunately for the maintenance of the gold standard, mean by it only that the Government shall pay gold to the banks for their greenbacks. The banks themselves selfishly cling to the "fiat money" basis, on all that they are liable for to depositors. If the Banks want sound money and a Gold Standard, they can get it at once by recognizing gold on all their obligations, paying gold at once themselves for all greenbacks and thereby ending the run on the Treasury. If they are afraid to pay gold, and mean by a "gold standard" only that the Government shall pay gold to them while they pay only fiat money to others, *i. e.*, to the merchants who need gold for export, as they have been doing for four years past, then they are no true advocates of "sound money." They want the Government to tread the wine-press of the gold standard alone, while they pay in that species of "rag money," whose redundancy in volume, they say, excites the distrust of the world's financiers.

We have now been out of the War of the Rebellion for thirty years, and sixteen years of that thirty the Government has been the only party in the country from whom gold could be drawn. The Banks and Exchanges talk "gold" but pay "fiat."

The Treasury must be relieved of its burden of supplying gold for commerce from the Revenues drawn from the Taxpayers. Such a process is confiscation and not "honest money;" it is "fiat wind" and not sound currency.

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THE COUNTRY is approaching another sale of bonds. In only seven days of the May just past the greenbacks sent in for "redemption" in gold (if a process which has no redeeming feature can be called redemption) amounted to \$7,000,000, or at the rate of \$28,000,000 for the month.

In the year 1892 (Harrison's fourth) only \$5,000,000 of

Treasury notes and greenbacks were offered for redemption. In the first ten months of the fiscal year 1896 (Cleveland's third) the redemptions have aggregated \$135,000,000, and by June 30th, the end of the fiscal year, they are expected to amount to \$184,000,000.

The gold contents of the Treasury sieve, sometimes sarcastically called the gold reserve, because it can reserve nothing, after being temporarily tilted up to about \$132,000,000 by the recent bond sales, has settled down below \$114,000,000 (20th May) and its further decline will bring it below \$75,000,000, probably in June.

The rapid rate of increase in greenback redemptions is significant. Even in March, April and May of last year the redemptions amounted to only about \$1,000,000 a month. This year the redemptions in March were nearly \$8,000,000; in April \$7,600,000, and in the first seven days of May they were \$7,000,000.

This cannot be stopped by any mere opposition to silver or declaration for gold standard. We can only be relieved from these disastrous conditions by some re-organization of our banking system which shall give a federation of all note issuing banks, strong enough in capital and influence to take the work of meeting the demand for gold off the hands of the government; and to compel redemption and payment in gold by the banks. This, of course, involves the retirement of government note currency and the substitution of equal or greater volume of bank note currency, and the total repeal of the legal tender law. Are the Republican statesmen who will direct the deliberations of the St. Louis convention equal to this task?

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AT THE REQUEST of the National Association of Post Office Clerks a bill has been introduced into Congress by Representative Sperry, of Connecticut, providing for the classification of clerks in first and second-class post offices. The object of this bill is to group various workers in the post office so that they shall have the advantages of promotion in salary from the minimum to the maximum, which now applies to letter carriers.

Since there is nothing unreasonable in this bill and since the post office is a department of the Government service, whose regulations have to be determined by acts of Congress,

there would seem to be no good reason the bill should not pass. If letter carriers begin at a certain minimum salary, which is increased in yearly amounts until it reaches a certain maximum amount, why should not this apply to all other workers in the post office, as there is manifestly no good economic objection to it?

The *New York Sun* opposes this measure on the very peculiar ground that it is a dangerous precedent to have an association or trades union among Federal office holders. According to this, the employés of the Government are not to have the same opportunities of exercising associated influence to improve their pay that is conceded to all other laborers. This is very much like the decision of the Court in the case of the Ann Arbor strike some years ago. The piece of railroad on which the strike occurred was in the hands of a receiver, which was virtually the Government. The Court ordered the laborers to take the boycotted freight, and because one of them resigned his position rather than do so, he was taken into court and fined \$50 and costs, with the promise of both fine and imprisonment for any future act of the kind. This indicates what laborers may expect with the socialistic or public ownership of industry. When the Government becomes the employer, organization against the employer will be conspiracy against the Government. Freedom of labor is really consistent only with private enterprise and the equal rights of both employers and laborers to organize their competitive forces. We repeat that the present Bill ought to pass, but the Post Office employés must not complain if they have not as good a chance to make their demands felt as have other laborers. They are under State socialism and must be willing to put up with the disadvantages of Pharaoh-nic methods of coercion.

## Leading Events of the Month.

### TRANSVAAL.

There has been no more interesting exhibition of diplomatic fencing in recent years than the present bout between Mr. Chamberlain and President Kruger. So far the Boer statesman has won at every point, and in view of the revelations contained in the recently published cipher despatches, the only proper course for England is to call Mr. Rhodes and the whole management of the South Africa Company to a strict account. Her familiar policy of compulsion through inaction will not work here, for President Kruger holds hostages. He may, if he chooses, carry out the full sentence imposed upon the convicted Uitlanders, one of them a brother of Cecil Rhodes, unless the latter gentleman is banished from Africa. There is a report that he has actually submitted this ultimatum, since learning of Mr. Chamberlain's attempt to shield the instigators of Jameson's raid.

However desirable or inevitable England's supremacy in South Africa may be, her present embarrassment is at least a lesson to the effect that the supplanting of inferior races by the higher civilization is best accomplished through industrial evolution rather than political intrigue and chicanery.

### INDUSTRIAL PROGRESS IN CHINA.

A good illustration of the true mode of development in the case of backward nations is found in the sporadic forces at work in China. It is reported that the emperor has ordered the construction of a new railroad of considerable extent; that there are good prospects of inaugurating a regular steamboat service on the Yang-tse-kiang river; and that a commercial mission from France, following the example of England and Germany, is about to travel extensively in the heart of China with a view to building up an import and export trade and thereby awakening some industrial activity among the inhabitants. Strangest of all, for China, is the report of a strike occurring among the tailors of Shanghai, which is said to have resulted in an increase of wages from 15 to 25 cents a day (American money), and in the food allowance from \$1.56 to \$2.60 per month. These instances, it is true, are isolated and comparatively insignificant,

but the transformation of the Chinese Empire is not to be looked for in one generation. They indicate the important fact of the gradual infusion of Western industrial ideas. The evolution of political institutions can and will come later.

#### CUBA.

Apparently the moral support which the insurgents receive from this country is serving their purpose nearly as well as an official recognition of belligerency. General Weyler says that our perpetual "interference" must cease or he will have to resign his command. In his exasperation he has expelled several newspaper correspondents, whose offense had been the furnishing of facts to prove that numerous battles, so-called, have been nothing less than massacres of non-combatants, reported as "victories" by otherwise inefficient Spanish columns. And now, but for the prompt action of our State Department, the entire crew of the captured filibuster "Competitor," including two American citizens not found bearing arms, would have been executed upon court martial judgment.

There is small likelihood that our interference will cease so long as this sort of thing continues, and it is remarkable to find the European press still vigorously upholding the Spanish policy in every particular. Especially inapt is the *London Globe's* comment, that our "pretentious arrogance" in the matter is due to a determination to make our commerce supreme in the Western hemisphere. If there were any truth whatever in the imputation, it would at least be simply an imitation of England's policy the world over:—first guns, then traders.

The Queen Regent, in her speech to the Cortes, however, seems well enough satisfied with the "correct and friendly conduct of the American Republic." But when she refers to Spain's "mission of civilization" in Cuba, and says further that the island's commerce could not continue except under Spanish control, she indulges in the absurd. The only thing that would not continue would be the revenue previously going to Spain. Cuba's trade and industry could get along well enough without that particular form of encouragement.

#### LABOR LEGISLATION.

Several important measures affecting the interests of labor have recently become laws: notably the bills carrying out the

constitutional prohibition of contract labor in prisons. This marks the satisfactory ending, at least in New York State, of another crusade against the doctrine of "cheap goods" regardless of the cost in human beings. Another measure aimed at the same evil is now before Congress, providing that goods made by convicts shall not be sold outside the State in which they are produced.

Representative Barrett has introduced into the House a joint resolution proposing an amendment to the Constitution to the effect that Congress may have power to limit uniformly the hours of labor in manufactories of textile fabrics and other industries. This is aimed at the supposed advantage which the South, with its long hour system, has over New England manufacturers; but it would not, however, prevent the eventual transference of the cotton industry to the former section. It is a fair question whether under the "implied powers" doctrine developed by Hamilton, Congress has not already the power to legislate on this question without any amendment. The main point is to get the legislation. The short hour movement is steadily progressing, and as the South develops it will make itself manifest there. But there is not much hope that Congress can be brought to act upon the subject until it takes the form of a national agitation.

In the same line is the bill for the classification of clerks in post-offices, which the *New York Sun* describes as an "assault upon Washington" for higher wages, a portent of trades-union methods in the civil service. If there is any good reason why government employés should be the only class of wage-workers in the country who are prohibited from endeavoring to better their condition, it has yet to be advanced. The *Sun's* warning that future legislation may be dictated by powerful trades-unions (of postal clerks) is hardly creditable. We should say that the employé has at least an interest in such a matter, as well as the government. The absence of any pressure whatever upon the postal department is one great reason why it still continues to employ antiquated methods and a hand-labor system.

The *Sun's* criticism furnishes, by the way, a good example of what would happen regarding wages if the government should take possession of the railroad and telegraph systems.

Not a penny of increase could ever be gained without overcoming, among other things, the whole force of the "public economy" cry, the effectiveness of which is sufficiently familiar.

#### THE POLITICAL SITUATION.

Four weeks before the St. Louis Convention, Mr. McKinley's friends are claiming for him enough uncontested delegates already elected to give him a majority on first ballot. But the continued silence of the Ohio candidate on the money question has undoubtedly produced an unfavorable effect, and the contest can hardly be considered settled as yet. In the Democratic camp, by the way, more anxiety by far is manifested over the character of the Republican nomination than of their own. Mr. Morrison confesses his inability to remedy or even understand the financial situation, while Mr. Carlisle, for his part, wants to subordinate the tariff issue, and refers to it in passing as the "character and amount of taxation to be imposed upon our citizens." Very little is being said this year about the "robber barons" and "unconstitutional taxation." Neither is the Democracy in good position to force the money issue to the front, when a majority of its state conventions so far have declared for free silver, and it is an even question which faction will control the Chicago Convention.

Mr. Thomas C. Platt, has expressed perhaps better than anyone else, the two essential principles which ought to be embodied in the Republican platform: first, a protective tariff sufficient to "make up for the difference in the price of labor here and abroad"; and second, a measure which will "render our currency system intelligible, safe and elastic." Thereby it will put protection upon a sound economic basis, and at the same time take a step in the direction of a rational and efficient national banking system. The all but certainty of Republican success anyway, makes it doubly important that the party's declaration of principles be economic, not traditional only.

#### THE BOND INVESTIGATION.

Senator Peffer's resolution having been adopted, the bond sale investigation which is expected to unearth divers "gold-bug" deals, and official corruption, is now on. There is the usual flavor of political buncombe about this investigation, and

the usual result may be expected. The real points that need attention have to do with the causes that made necessary any bond sale at all. The first of these is the deficit-making tariff of 1894. The second is a bungling banking system under which the government can be compelled to borrow its own gold over and over again. The investigating Senators might better have passed the Dingley tariff bill for one thing, and then taken up a plan for so organizing the banks as to make them responsible for their own business needs.

#### NEW CIVIL SERVICE ORDER.

The far-reaching importance of President Cleveland's last order regarding the civil service, has hardly as yet been appreciated. Outside of the higher officers, requiring Senatorial confirmation on the one hand, and common laborers on the other, there are now less than 800 government positions available for political purposes. The new order transfers about 30,000 employés to the classified list. It is difficult to see why this step would not have been fully as desirable and correct at the beginning of Mr. Cleveland's term as at its close. All his present Democratic appointees are now secured in office, whoever the next President may be.

But in itself the measure is a good one. The spoils system is one of the numerous wrongheaded political ideas given us by Andrew Jackson, and it has been one of the danger spots in American politics ever since. Its removal may lessen the total product of campaign enthusiasm, but it will leave more freedom for the intelligent discussion of public questions. The burden of office-promising is lifted from candidates and campaign managers; and several prominent politicians have already welcomed the change on that account. A prohibition applying equally to both can prove no real hardship to either.

### Economics in the Magazines.

*ART. Restraints Upon the Practice of Architecture.* By John Beverley Robinson, in *The Engineering Magazine* for May. Mr. Robinson is opposed to the establishment of any censorship over art, not so much because the people do not need the censors as because the State and municipal governments would be incompetent to appoint competent censors. He says: "It is just as well to admit at the start that, in comparison with the older nations, America is crude. Compared with London and Paris, as far as the elegancies of life are concerned, New York and Boston are of but a wild western type of civilization. We lack the records of the centuries about us; we lack the traditions of race and home; we lack the esthetic sense and critical discernment that come with high cultivation."

One would think from the frequency with which American immaturity in art is asserted that our early American colonists did not bring with them the grade of civilization current in Europe when they came, and proceed to improve upon it in the directions which were made most pressing by their environment, so as to evolve here a new and divergent evolution in art at least as rapid and marked as that which was subsequently made in Europe. The assumption seems to be that we relapsed into a sort of "stone implement" or prehistoric age, and became like the cave dwellers of Switzerland, or the shepherds of Judea, that had everything to learn and nothing to teach. Will Mr. Robinson kindly compare the solitary grist mills now floating on the historic Rhine, which "tie up" at one little slow Dutch farm after another, grind its grist by the lethargic power of the stream playing on the boat's wheels when they anchor, with the magnificent equipment of a Minneapolis flour mill grinding as many tons in an hour as would be ground on the whole Rhine in a year? Let him compare the little handsickle in use on the small seven to thirteen acre farm of France, unchanged since the advent of Boodha in India, or of Cyrus on the Tigris, with the Western reaper, which reaps and binds eighty acres in a day. Is there no art in Morse's telegraph, or Fulton's steamboat, or Colt's revolver, or in an American cultivator, but only in a morbid projection upon canvas of Dante's insane portraiture of a supposed but impossible torture of lost

souls in hell, or of the ever recurring monks of the wine cellar lewdly jibing the waiter girls that bring them their inebriating cups? Two-thirds of all the so-called art of Europe consists of pictures that are both unideal and untrue, designed to commemorate events that never occurred, or to preserve our reverence for ideas which the human mind no longer seriously entertains. American art must be the embodiment of American ideals, and not the reflex of mediaeval ideals which no longer command the sincere respect even of the European mind. The art of Europe is as crude in its way as that of America, because it does not relate to ideas that are now or ever again can be potential over the human mind.

The most powerful and artistic fiction of modern times, perhaps of any period, whether judged by the extent to which it has been read, dramatized, acted, imitated and translated, or by the depth of its revolutionary effects on society, is Uncle Tom's Cabin. It drew much of its power from the hunger the world felt for a new art that should be American. Irving wrote volumes on England, Spain, Mohammedan histories, etc., all of which are passing into waste paper because they have not the originality of true art, while his name lives only in that small portion of his work whose theme was American, viz., The Legend of Sleepy Hollow, Rip Van Winkle and Diedrich Knickerbocker. Humboldt showed that travel and scientific observation were fine arts, and that the best field for their practice lay in America. Audubon lifted the study of birds into a fine art, and found no field necessary to its practice but America. Lowell, Mark Twain and Bret Harte have lifted American humor into an art so fine that the European world itself is enquiring whether all real humor is not exclusively an American art.

**GOLD. *The Present Value and Purchasing Power of Gold.***  
By H. M. Chance, in *The Engineering Magazine* for May. Mr. Chance straddles over two inconsistent theories of the causes that regulate the value of gold, by saying first that it is determined by the cost of production, and secondly that "gold and silver are less sensitive (to changes in the cost of production) because the stocks on hand are so large, the inertia of the mass so great, and the influence of tradition and past experience so strong, that years may elapse before a change in the cost of

production creates a corresponding effect upon their market values or purchasing powers." Of course, the latter proposition falsifies the former and makes the quantity of gold standing over a more important factor than any one year's production in regulating value. The only way in which "tradition and past experience" can regulate the value of gold is by increasing the demand for it either in the arts, in commerce or in coinage. Mr. Chance makes the following interesting exhibit, showing that all the other chief metals have cheapened relatively to gold, but attributes the cheapening to the fact that improved processes apply to all except gold.

Pounds of metal required to purchase one ounce of gold.

	1876	1896.	Decline in Purchasing Power.
Iron.....	2067	3858.....	.46 per cent.
Lead.....	344	636.....	.46 " "
Zinc.....	275	516.....	.47 " "
Tin.....	103	148.....	.30 " "
Copper.....	90	188.....	.52 " "
Silver (ounces).....	17.3	30.8.....	.44 " "

Mr. Chance attributes decline in the cost of producing silver entirely to improved processes, ignoring any diminution in demand due to legislation. He thinks also "we are entering upon a career of unexampled prosperity which shall have as its most potent factor, an enormous addition to the world's store of gold."

**SECTIONALISM.** *The New Sectionalism.* By Frederick Emery Haynes, in *Quarterly Journal of Economics* for April. *Western Feeling Toward the East.* By Senator Allen of Nebraska, in *The North American Review* for May. *Why the West Needs Free Coinage.* By C. G. Thomas, in *The Arena* for May. Mr. Haynes outlines the statistical facts showing that for a decade the South and West have been pulling away from the Center and East, drawing the line at the old Mason and Dixon line for the South and at the Mississippi River for the West. The States lying between the Mississippi and Pennsylvania he classes as doubtful or variable. On the questions of Free Coinage of Silver, Repeal of the Sherman Law, the Passage of the Income Tax, and the Issue of Bonds to Maintain the Gold Reserve, the West and South have been voting against the

North and East as thus defined. The West and South also are supposed to be "opposed to banks" and to the system of having the banks issue paper money, are in favor of a green-back currency without any particular means of redemption for it, are in favor of using the taxing power as a supposed means of "levelling down" the rich and "levelling up" the poor, of which policy the single tax, graduated income tax, graduated property taxes, etc., are illustrations, and are becoming permeated by State socialism as to railroads, telegraphs, public agencies and natural opportunities. They are, moreover, supposed to prefer free trade to protection, farming to manufactures, a simple civilization to a complex one, and cheap labor to high wages.

Senator Allen expresses in sarcastic and bitter terms the feeling of that class of Western people who hold that the demonetization of silver has been an act of designed oppression intended to enrich the East and impoverish the West. This brings down the merits of the case to a simple question of an Eastern Pharaoh and his Western bondmen, tending toward an exodus of the bondmen out of the Egypt of their monetary despair.

Mr. C. S. Thomas spreads out the singular network of untruths, fallacies and blunders which are supposed to occupy the place in the minds of the people of the South and West which should be held by facts and sober judgment.

There is first the assumption that since 1873 there has been a "shrinking money volume," whereas these people certainly must know that since 1873 there has been an increase of the money volume of the world to the extent of more than \$1,500,000,000 in standard silver coinage alone, of which about \$500,000,000 has been put forth in the United States, an expansion greater than ever before occurred in so short a time. There is, secondly, the monstrous falsehood that free silver coinage, at a time when the silver bullion in a dollar is worth only 55 cents, would restore to us "the monetary system of our Fathers!" When, pray, did "our Fathers," or anybody else's fathers, ever have "a monetary system" in which a coined dollar contained only 55 cents worth of silver! And since free coinage of silver would instantly lower the value of the American silver dollar to 55 cents, we beg to know at what period our

fathers had a monetary system in which it required nearly two standard silver dollars to buy one gold dollar. To speak of free coinage of silver to-day as a measure that will restore any monetary system which the American people ever before possessed is to assume that we have no capacity to discriminate. Again we are treated to the familiar chestnut among economic vagaries that "the demonetization of silver was intended to enhance the value of primary money by lessening its quantity and limiting it to a metal small in bulk and easy to control."

Let a few facts show the falsehood of this assumption.

The proposal to demonetize silver was first made in 1861-2 by the first Comptroller of the Currency under Lincoln, on the ground that silver was too dear a metal to make a currency of, it having then been at from 3 to 5 per cent. premium over gold for about ten years. It was this uselessness of silver because of its dearness which caused gold to be gradually adopted by Wall street as the money of America, from necessity, and because of its cheapness throughout the twenty years prior to 1873.

In the Paris Monetary Conference of 1867, Mr. Ruggles, as the representative of Wall street and of the United States, and on behalf of this country's interests as a known debtor country, advocated gold in that conference because of its cheapness, silver being then at a premium of 5 per cent., and virtually being the more oppressive currency of the two for the debtor class.

Before the French Monetary Commission in 1869, Baron Alphonse de Rothschild spoke freely, forcibly and wisely against the proposed demonetizing of silver by France, on the theory that it would contract the money medium and produce widespread disaster throughout the world. The free silver coinage advocates could to-day charge no evil consequence on the demonetization of silver, which the head of the house of Rothschilds did not predict as the result of it two full years before it was begun by Germany in 1876. This sufficiently proves that the world's greatest bankers opposed what is now regarded as a monetary squeeze enacted to enrich themselves.

Rothschild based his opposition on the ground that silver might within ten years become the cheaper of the two metals, and hence a means of relief instead of oppression to those who

desired money to be abundant. This prediction was fulfilled. What Rothschild did not predict or foresee was that after silver became thus abundant, and after its bullion price had fallen to nearly half the price necessary to sustain parity at sixteen to one, and after the world's coinage had been inflated by one half by new silver coins, silver would continue to be produced in as large a proportion to gold at its lower price, as it had ever before been produced at its higher price. This is the all-staggering fact in the present situation, which daunts the hearts of those who have desired to see silver restored to par at sixteen to one. So long as silver can be turned out profitably by the mines at a cost of sixty-seven cents for an ounce of 480 grains, free coinage cannot impart the value of a dollar to  $37\frac{1}{4}$  grains, EVEN by the concurrent action of all the governments in the world.

This being so, if the West and South think they are oppressed because they cannot freely coin a fifty-two cent dollar, no harmony with their views on the part of the East and North would help their case. Their own Western and Southern debtors would not attempt to pay their debts in fifty-two cent dollars if free coinage were enacted and the new coins issued. Why? Because few debtors ever pay debts at all except from a desire to be trusted again by the same creditor. Payment in fifty-two cent dollars would not answer that motive. Debtors who do not want to be trusted again have already a cheaper route open than the free silver route, viz., by bankruptcy. That pays their debts generally with ten cents on the dollar.

### Book Reviews.

PROTECTION AND PROSPERITY; an Account of Tariff Legislation and its Effect in Europe and America. By George B. Curtiss, Esq., Counsellor at Law. 864 pages, royal octavo. Published by Pan-American Publishing Co., 111 Fifth ave., N. Y. 1896. For sale by subscription, price \$3.50.

Although the author prefixes to his work likenesses of three candidates for the Republican nomination to the Presidency in the approaching campaign, and prefaces it with introductions by Governor Morton, Governor McKinley and Speaker Reed, the work itself has elements of breadth, permanence and endurance reaching not only far beyond any presidential campaign and beyond the limits of any single country, but beyond also the popularity or permanence of any particular form of governmental institutions or type of national civilization.

Mr. Curtiss's work is entitled to, and we see no reason why it should not secure, even more of the attention of old Europe and of the British colonies everywhere, of Latin America, and of the New Asia and New Africa that are so rapidly coming into national being, than it needs to secure at the hands of the American people. Fully two-thirds of the work (563 pages) are devoted to the Tariff histories of European States. This, however, we can say to all American readers upon economic questions; whether it be the Congressman who thinks he has utterly surrounded the tariff question as he would a bottle of Mumm's Dry, and has corked it down in the best speech extant, or the pert Eastern College Professor who assumes that "of course the Tariff Question has no place in economic science, and therefore no interest for us; we could teach a class in economics two years without being found to have a conviction on either side of the Tariff Question;" or the daily newspaper editor who asks "What have I to do with the Tariff? That belongs to the politicians;" or the quiet reader who thinks he has read it all up—to all of these we say, "Let him that thinketh he stands take heed, lest he fall." For neither in Europe nor America has there ever been furnished in a single purely historical work the materials for so exhaustive a study or for so successful a mastering of the Tariff Question in all its details.

The work is in six parts, of from four to seven massive chapters in each part.

Part I. presents an outline of the commercial history of the world to 1650. Its four chapters are entitled (1) General Division of Trade, Commerce and Industries; (2) Commerce of the Nations of Antiquity; (3) Industrial Development of Italian and German Cities in the Middle Ages; (4) Development of Trade and Industries in Western Europe.

This whole period he finds to have been (p. 30) a period of "universal free trade and no progress. People were left to take their own course, and go their own way. That barbarous struggle for existence, which is the fundamental basis of free trade, was carried on through all the centuries before the Christian era, through the dark ages and down to the middle of the Seventeenth Century, without industrial advancement or material progress among the masses."

This is altogether too sweeping a statement. The fact that there was no national legislation affording protection to domestic industries does not warrant the conclusion that this was an era of free trade. Nor is it correct to say that this period was without industrial advancement or material progress among the masses. It was during this very period that England evolved the wages system, parliamentary institutions, religious freedom, created a middle class which transformed her from the most backward into the most advanced industrial and political country in Europe. It was during this period that the free towns with their industrial development, which were the nurseries of modern civilization, arose and exercised their greatest influence. It was during this period that the Hanseatic League and the League of the Rhine became the organized industrial forces protecting manufacture, trade and commerce from the marauding havoc of robber barons and avaricious kings, without which industrial England of the 17th, 18th and 19th centuries would probably have been impossible.

So far from this being an era of free trade, it was an era of intense protection. Every walled or chartered town presented a protected industrial center. To be sure the protection did not follow national lines, but it everywhere followed industrial lines. Every charter that was granted from the time of William Rufus contains some additional concessions and privilages and ex-

clusive rights to the industrial enterprise of the town. It was this protection of the towns which secured their industrial growth and made national development ultimately possible. What is more, every nation in Europe rose in political power, wealth and importance directly as the protected towns were maintained and with the fall of the towns came the industrial decline of the nation.

It was because the towns in England were never overpowered by either barons or kings, or both combined, as in Spain and France, nor entered upon a self-destructive warfare against themselves, as in Italy and Germany, that England came to the front as the leading industrial nation of Europe, and converted what had previously been local protection to individual towns into national protection of general industries. We think it an error, therefore, to call this a period of free trade.

Part II. of Mr. Curtiss's work treats of "Early England under Free Trade." Its five chapters are entitled (1) Social and Industrial Conditions prior to the Fourteenth Century. (2) Trade and Commerce Monopolized by Foreigners. (3) First Attempt at Protection. (4) Rise and Fall of Trade Guilds. (5) Disorganization of Labor. That the protective period in England was preceded by about twelve centuries of free trade, and no progress, is a point not easily made clear. That the guilds were movements towards class protection for artisans is more generally known. The position taken by Mr. Curtiss that the confiscation of the property of the monasteries and of the guilds by Henry the Eighth, and the enclosure of the common lands of manors, had the effect to "disinherit" the peasant population and convert them into a "factory working" proletariat, is a doctrine from which many will dissent.

Here again, our author appears to misapprehend the true inwardness of the industrial trend. We fear he has been partaking too freely of the pessimism of Thorold Rogers, whose reasoning frequently runs contrary to his own facts. The enclosures of commons was really a movement from pastures, hunting and fishing towards tillage, and was therefore an economic movement towards rendering a dense population possible, instead of a movement from tillage towards a more pastoral life of herding and flocks. In fact, the commons were a most wasteful and uneconomic use of land. It was purely the com-

munitistic use of property, which is but a few degrees less economic than pure nomadism. Nor is it correct to speak of the factory-working proletariat. The factory system is the great progressive force that has entered English civilization. It has done more for the working class than any and all other movements put together; and what is more, it was the logical outcome of the protective system, which first, in its local and then in its national application, had prevailed in England for six centuries. In fact, England's factory system is the monumental result of her protective policy and the source of her competitive superiority over all other nations.

In Part III. "Modern England under Protection," on p. 59, Mr. Curtiss gets fairly down to business. In Chapter I. on "Great Britain's Protective Policy," it is shown to have been first effectively marked out in the report of Sir Walter Raleigh to King James I. in 1604, though certain efforts relating to the wool trade date back to Edward III. Raleigh stung England's pride by declaring that the Dutch were furnishing England with corn, catching and salting and selling England's fish, spinning and weaving England's wool, carrying England's crops and products and coals. Next followed the Navigation Act by Cromwell's Rump Parliament in 1651 and the victories of the English navy over the Dutch in 1652-3. The history of England's policy of colonial acquisition is traced, side by side, with its navigation laws for upbuilding its shipping and for excluding vessels of other nations from trade with its colonies ; and its tariff laws for developing chiefly its wool and woolen production. Statistics of the growth of exports and imports from 1697 to 1793 accompany this exhibit, together with the loans made by Great Britain to the other nations of Europe to aid in crushing Napoleon. The only marked desideratum in this chapter would be a statement of England's tariff and treaty relations with Turkey, India and China, which, however, have been fully stated by Carey in several works.

Chapter II. deals with the growth of industries from 1800 to 1860, without, however, emphasizing the fact that the protective policy from 1800 to 1846 was practiced only in favor of Great Britain and was denied to Ireland and India; thus resulting in a spoilation of the two latter, who were made the victims of a simultaneous free trade policy in a manner which

Mr. Curtiss has apparently not deemed it essential to the novelty or unity of his work to emphasize, and which, doubtless, are sufficiently known to the public mind through other works.

Part IV. is entitled "Return to Free Trade and Its Effect on Home Industries." This is considered in six chapters, entitled (1) Origin of the Free Trade Movement; (2) Free Trade Legislation; (3) England Under Free Trade from 1850 to 1874; (4) Free Trade and English Industries; (5) Same, continued; (6) The Free Trade Policy a Failure. Chapter VI. alone, consisting of eighty-seven pages, forms about the most exhaustive indictment against the so-called free trade policy in England which has ever been published. Printed separately as a tract, it would be of invaluable service to both the Fair Trade and Imperial Confederation movements now pending in Great Britain. Indeed, we can not resist the conviction that as great a use will be made of Mr. Curtiss's entire work in all parts of the British Empire as in the United States. The part of the work devoted to the British tariff policy far exceeds in exhaustiveness and value the writings of any Englishman, and even of Sir Archibald Alison, an achievement to which we had not thought any American would be equal. If any improvement were to be suggested in the matter of Part IV. it would consist of constructing and adding static charts, illustrating, in diagrammatic form, the truths taught by the sixteen pages of tables which follow it.

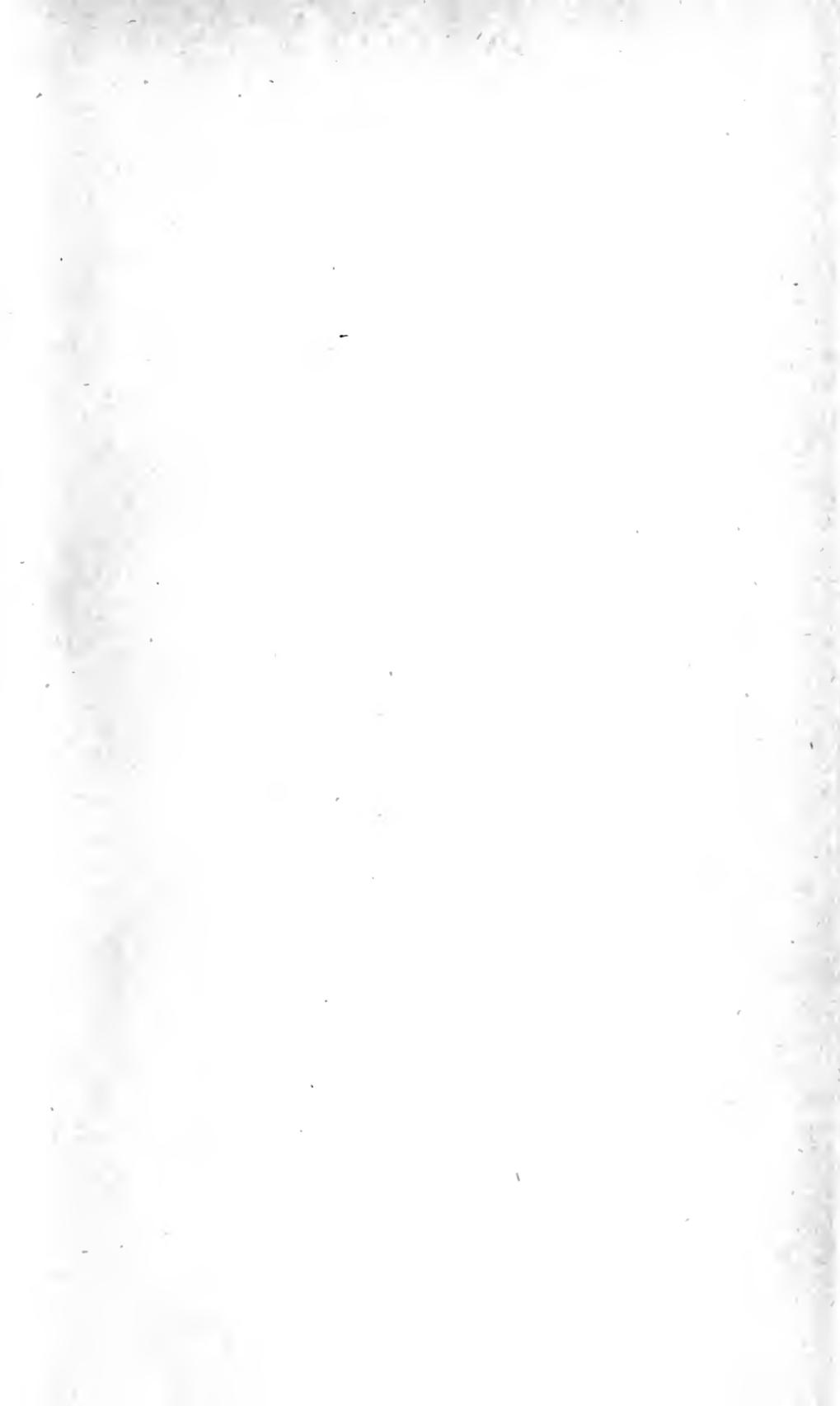
Part V. treats, in 161 pages, "Protection to Native Industries in Continental and other Countries," devoting Chapter I. to The German Empire, Chapter II. to Russia, Chapter III. to France and Chapter IV. to Austria-Hungary, Italy, Belgium, Holland, Switzerland and other countries. The research required for this part of the work is great in the degree that the topic is usually slighted or treated with glittering generalities. Nothing which had been previously prepared equals in detail, and we think in accuracy, this part of Mr. Curtiss's work.

Part VI. treats of "The Tariff in the United States." This will be discussed in another article.

Meanwhile, the collection and collation of this vast mass of related matter, which has hitherto existed only in the most scattered and widely sundered forms, most of which would be inac-

cessible even to most scholars, compels a restudy of the most important single economic question on which any country can undertake to legislate. Studious and thoughtful minds will not so much care how Mr. Curtiss, in a literary sense, has handled his pen more than how Schliemann handled his spade in the ruins of Troy, or Humboldt his mule in the heights of the Andes.

Personalities and compliments, art, deftness and skill, all become secondary considerations, as with a discoverer who has returned from an unexpected exploration into a country over which superstition has extended its taboo. The all-important question is what has he found and what do all these findings prove. Of Mr. Curtiss we may say he has found enough to compel every statesman, publicist, economist and historian who desires to say anything bearing on the tariff question, to carefully study the question over again. It will not do not to know the new matter here brought to light.





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